

Melvyn Bragg:

Let's hear it for the brothel

Page 15

Tall buildings:
Who needs them?

Section Two, page 14

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THE INDEPENDENT

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TUESDAY 23 JULY 1996

WEATHER: Unsettled with scattered showers

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A new recruit for Mr Redwood

JOHN RENUOL
Political Correspondent

John Major was placed once again on the rack over Europe yesterday, as the Paymaster General, David Heathcoat-Amory, resigned to campaign against the single currency from within the Euro-sceptic camp led by John Redwood.

Telling John Major bluntly that the Government's European policy "is not working", Mr Heathcoat-Amory gave up his post at the Treasury as number four to the pro-European Chancellor, Kenneth Clarke.

Mr Heathcoat-Amory will launch a pamphlet this morning entitled *A Single European Currency: Why the UK Must Say No*, and published by the Bruges Group, headed by Baroness Thatcher. One Redwood supporter commented: "It sounds to me like a very Redwoodian document."

In his letter to Mr Major yesterday, he said: "I am leaving because I can no longer support the Government's policy towards the EU. At the Foreign Office and more recently at the Treasury I have dealt with the EU at first hand."

"I have supported a policy of attempting to reform it and building a relationship which protects British interests and prevents unwarranted interference in our affairs. This policy is not working."

Mr Major's tone in his reply was conciliatory, describing the decision only as "a mistake". But the loyalist former Cabinet minister, David Mellor, was venomous on the Prime Minister's behalf, saying the resignation showed a "decadence and an obnoxiousness" to the immensity of a general election.

And a serving Cabinet minister told the *Independent*: "They must be out of their tiny Chinese minds if they think they can reopen the issue of a single currency after the White Paper." In March, the Government set out its position of keeping the option open, in a White Paper called *A Partnership of Nations*. The minister added: "It's a party with a death wish."

But Mr Heathcoat-Amory's resignation gives a boost to the insistent demands from Tories both inside and outside the Government that Mr Major rule out a single European currency at the next election - not to mention the leadership ambitions of John Redwood, campaigning on precisely this platform.

Only last week, Mr Major pleaded with Tory MPs to pull together during the long campaign, already well under way. Euro-sceptics could hardly conceal their glee at this public rebuff. Bill Cash said Mr Heathcoat-Amory had "the best all-round credentials at Minister of State level" to judge the importance of the looming single currency issue.

Redwood supporter Sir



David Heathcoat-Amory: An attack on monetary policy

George Gardiner told the *Independent* he welcomed the resignation. "John Major enjoyed us to do everything we could to win the next election, and that's what we're doing," he said.

Privately, the Euro-sceptics welcomed Mr Heathcoat-Amory as a recruiting sergeant, and thought he might embolden other doubters to consider their position. At least one ministerial aide said he intended to resign before the election.

The Government attempted to deflect Euro-sceptic pressure yesterday by publishing details of its proposals to reform the European Court of Justice (ECJ) and to end the practice of quota-hopping by the Spanish fishing fleet.

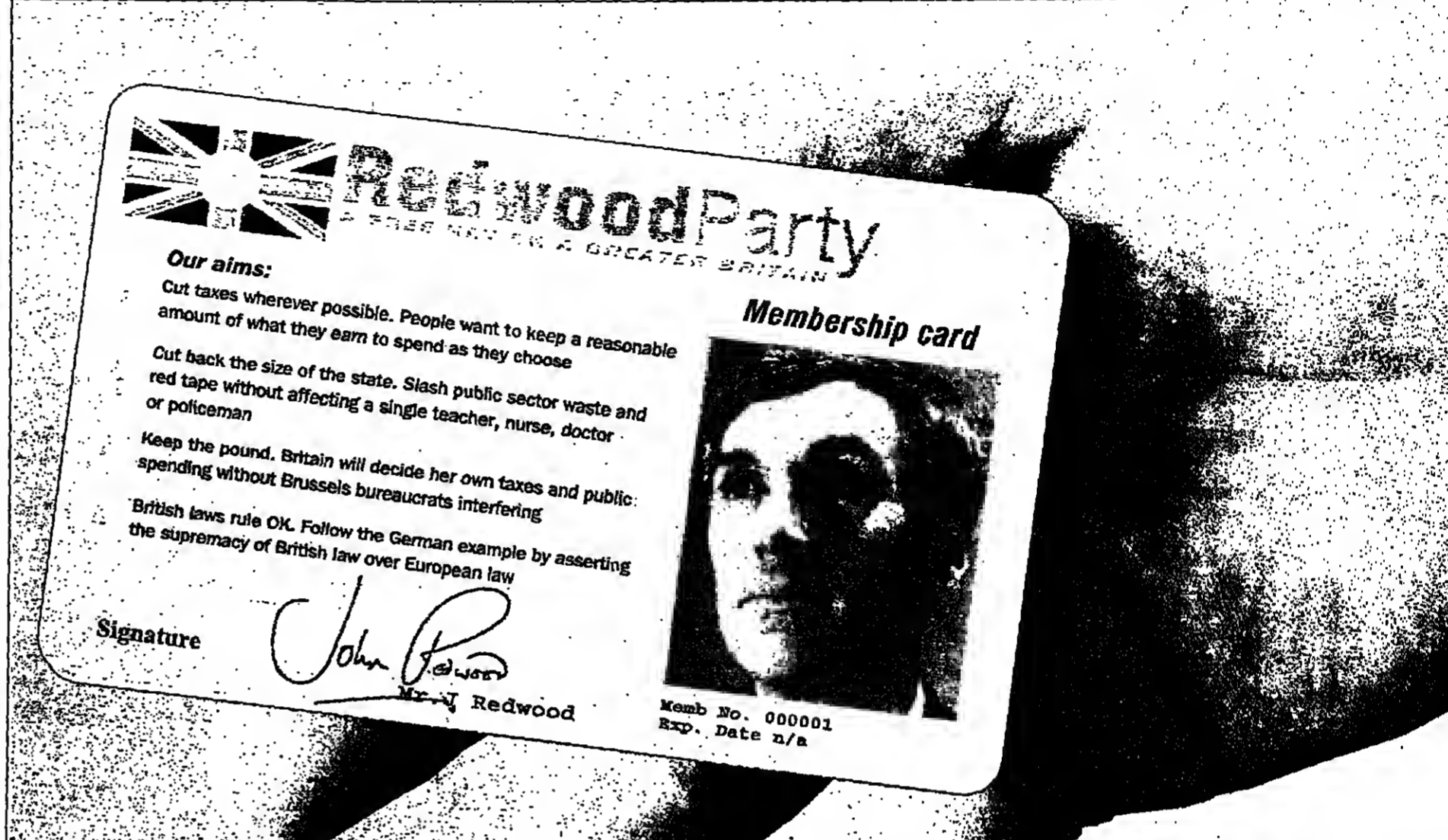
Malcolm Rifkind, the Foreign Secretary, said changes to the ECJ - a key demand of Euro-sceptics led by Mr Redwood - were needed "to improve the workings of the court and to address concerns about the effects of some of its judgments". He published a memorandum calling for time limits, a limit to

The Redwood stage

● Key lieutenants: Norman Lamont, the former Chancellor; Iain Duncan Smith, one of the brightest of the 1992 intake; David Evans, the populist member of the 1992 Committee executive; John Townend, leader of the '92 Group, the main right-wing Tory faction.

● Other former ministers include Jonathan Aitken, Dame Angela Rumbold and Charles Wardle, who resigned over his fears that the EU could effectively control British immigration policy.

● Fifth columnists in the Government: Peter Lilley, Michael Howard and Michael Portillo in the Cabinet all have leadership ambitions of their own, but share the Redwood



retrospective judgments and an appeals procedure.

But these were dismissed out of hand by a spokesman for Mr Redwood, who described them as "thin gruel, a superficial response to a profound problem". He added: "The only appeals procedure should be from the ECJ to the High Court of Parliament."

Meanwhile the Government attempted a soothing damage-limitation exercise, with sources close to Kenneth Clarke, the Chancellor, denying that he was the only obstacle to the Government's plan to join a single European currency in the first wave.

Treasury sources claimed that Germany and France might still postpone the launch of the single currency from 1999 for a year or two, and that the Prime Minister and the Foreign Secretary - as well as Mr Clarke and the Deputy Prime Minister, Michael Heseltine - were strongly committed to keeping the option open.

They also denied weekend reports that the Chancellor had offered Mr Heathcoat-Amory a promotion to avert his resignation, but they confirmed that Mr Clarke had suggested he could "see more papers and come to more meetings".

Wednesday's men plan secret coup

Mr Heathcoat-Amory's resignation strengthens the hand of a shadowy group of Conservative MPs who meet on Wednesday to plot the replacement of John Major by John Redwood after the next election, writes John Renuol.

The group, which meets by invitation only, and supposedly to monitor the Government's European policy, is reliably said to be making secret plans for a Redwood leadership attempt after the expected general election defeat. Regular attendees are said to include Norman Lamont, the former Chancellor, and leading Euro-sceptics Bill Cash, Sir Teddy Taylor and Christopher Gill.

The group's existence suggests that Mr Redwood is still the front-runner on the right. Many Tory MPs feeling he has eclipsed Michael Portillo, the Secretary of State for Defence. But other Euro-sceptics are actively plotting on behalf of the Home Secretary, Michael Howard.

With less than a year to go

to the earliest likely date of a Tory leadership contest, immediately after a May 1997 general election, the tempo of covert campaigning has risen.

Mr Redwood, who won 89 votes in his challenge to Mr Major last year, has been free to set up his own headquarters at the Conservative 2000 Foundation, the think-tank set up by his adviser Hywel Williams.

On Saturday Mr Redwood starts a 10-day tour of the United States, making a series of television programmes to be shown by GMTV on Sunday mornings during August. He is expected to be fed by the right-wing National Centre for Policy Analysis as Margaret Thatcher's right-hand man.

The wealthy centre, which promoted Newt Gingrich's new right agenda in the 1994 US mid-term elections, has also provided Baroness Thatcher with a platform in America.

3,300 embryos like this will have to perish. Massacre or common sense?

GLENDA COOPER

The age-old question of what constitutes human life faces a critical test next week when 3,300 embryos frozen for couples undergoing fertility treatment are destroyed on government orders.

The Human Fertilisation and Embryology Authority (HFEA) says that under present law, frozen embryos - consisting of four or eight cells - must be allowed to perish after five years unless the parents consent to further storage. The problem is that the 900 parents of these embryos have been untraceable or refused to reply.

The Vatican and pro-life organisations called the move "pre-natal massacre" and a "discarding of... abandoned human beings". The HFEA said it was preferable to allowing people to "adopt" such embryos, which would be ethically and legally wrong. Five British couples want to "adopt" an embryo, according to the na-

tional pro-life charity Life.

Embryo freezing began in 1983, because in-vitro fertilisation usually produces more embryos than can be put back into the womb. It is estimated around 60,000 embryos are in storage, of which 9,000 were frozen before August 1991.

"The fundamental question is how these embryos are to be regarded," said Ian Kennedy, professor of medical law and ethics at King's College, London. "Are they regarded as pieces of property or potential people? And does the embryo belong to someone if they are potential people?"

Pro-life campaigners say life begins at the moment of conception, so destroying an embryo destroys a human. Their opponents say a day-old embryo cannot be considered a person, and storing embryos for years or allowing others to implant them without parental consent is far more reprehensible. It was the first time the HFEA had confirmed that



A frozen embryo: At what stage is it a human life?

more than 3,000 embryos, a third of those that fall into the five-year limit, were due to perish because clinics had failed to trace 650 couples and 260 couples had refused to reply to registered letters.

The regulations now allow many patients to extend their consent to 10 years or more," said Ruth Deech, HFEA chairperson. "But if that consent cannot be obtained the storage has to cease, which means, sadly, allowing a number of embryos to

perish. But if you think through the other options, of using them without the consent of individuals, or of keeping them stored indefinitely, these options are far less acceptable."

The embryos, no bigger than a pinhead, will be thawed out and a drop of water or alcohol added to destroy them. They will then be incinerated. A Life spokesman said the practice "trivialised human life by simply throwing away spares".

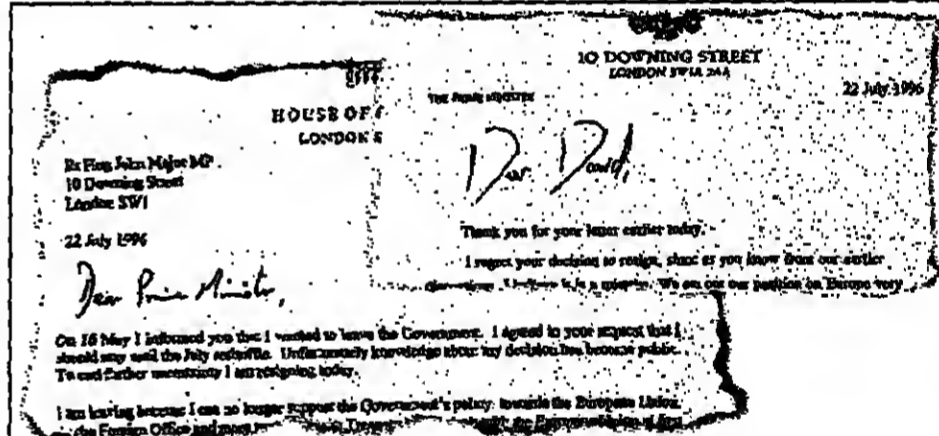
"The code of practice requires that embryos created by in-vitro fertilisation should be 'allowed to perish'... in a respectful and 'sensitive' way. But what is respectful and sensitive about throwing these tiny human beings into incinerators along with dirty swabs and bits and pieces from operating theatres? They are not things. They are human beings."

Yesterday *L'Osservatore Romano*, the Vatican newspaper, said: "This means that from today on, each year, tens of thousands of embryos will be

destroyed, tens of thousands of innocent lives will be cut short by law. This is a pre-natal massacre, a massacre not only tolerated but programmed and ordered by the same civil legislators transformed... into an instrument of perverse logic of violence and death."

But Richard Nicholson, editor of the *Bulletin of Medical Ethics*, said that embryos could not be considered in the same way as a child after birth. "There is an incremental growth in human rights, not a fixed quantum deposited at the moment of conception which never changes."

And Susan Rice, chief executive of Issue, the National Fertility Association, said: "There was always going to be a time when a decision would have to be made about what to do with them. These embryos are not children; they are a couple's potential to have children. When they are destroyed it is the potential that has gone."



QUICKLY

Burundi refusal

The prime minister of Burundi, where a massacre of 300 Tutsis on Sunday shocked the world, is opposing moves to form an international peace-keeping force. Page 11

Major meets loyalists

John Major met two loyalist politicians with terrorist convictions last night in a clear signal to Sinn Féin that it will be brought into talks if the IRA calls a ceasefire. Page 2

Herbal remedies

A group of senior doctors has recommended setting up a collection of Chinese herbs at Kew Gardens to prevent poisoning by herbal remedies. Page 3

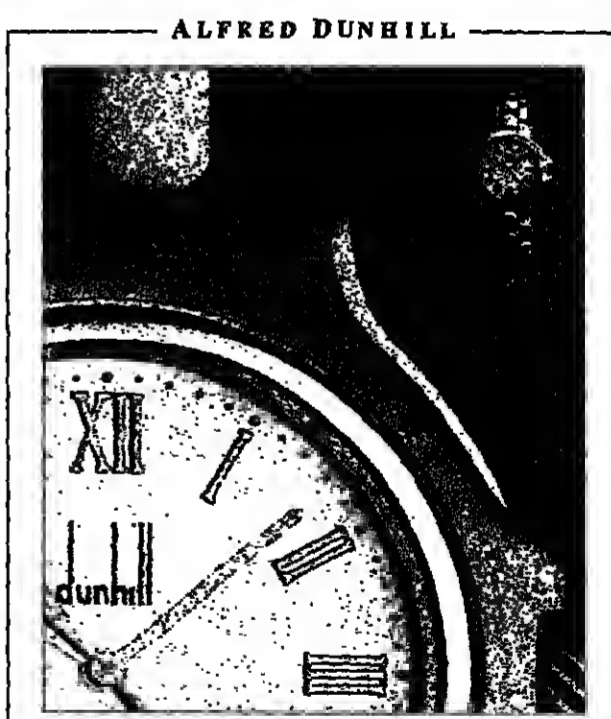
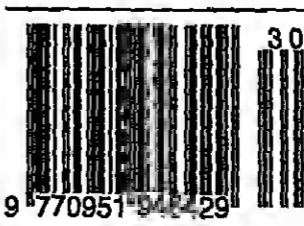
Aircraft checks

Foreign-licensed aircraft are to be subject to tighter controls next year because of the recent spate of safety scares. Page 5

CONTENTS

Section 1
BUSINESS & CITY 17-21
COMMENT 18-19
CROSSWORD 26
LAW REPORT 16
LEADER & LETTERS 13
OBITUARIES 16
SHARES 20
SPORT 22-26

Section 2
ARTS 16-19
CHESS 30
CROSSWORD 30
LISTINGS 28-29
MEDIA 20-22
TV & RADIO 31-32
WEATHER 29



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news

Man of principle delivers PM a right upper cut

Praise where praise is due. The outgoing postmaster-general, David Heathcoat-Amory, has achieved relatively high office despite his almost crippling social disadvantages. Son of a Chancellor of the Exchequer, owner of vast estates in Scotland, educated at Eton and Balliol, he could easily have ended up – as have so many of what is called the "overclass" – bankrupt and penniless, swinging meths in a Swindon squat, or doing time for fraud.



DAVID HEATHCOAT-AMORY

But Mr H-A has battled through to achieve that rarest of feats – the distinction of having resigned from John Major's government on a point of prin-

ciple. Not that he was in the Chamber yesterday. For a start he was, of course, too busy resigning. This involves exchanges of letters with the Prime Minister (pledging eternal support on everything except what really matters), having endless clear-

the-air chats with constituency activists (invariably Lieutenant Colonels or publicans) and being described as "decadent" by David Mellor – who knows whereof he speaks. Anyway real politics rarely make much of an appearance in the House. In this case, as in others, there was no resignation statement for MPs to listen to, and nothing of substance for them to debate. So they had to improvise, attempting to draw the discussion of completely different matters round to what they knew was the really important business of the day.

In some sessions (such as, say, overseas aid) this is quite difficult to do. Getting from the Sudan to the single currency takes even the most flexible imagination. But in Questions to the Deputy Prime Minister it is terribly easy. That is because Mr Heselbine is – as we know – responsible for everything. Mr Major made him responsible for everything to gain the leadership. But something has gone wrong. As one listens to Hesz tackle questions on small business, privatisation, competitiveness, information technology and – above all – "policy co-ordination", one becomes increasingly aware that in this case, more

is less. This may explain why John Prescott is letting it be known that – when the Red Revolution comes – he does not wish to be put within a million versts of "policy co-ordination". But even if he is doing nothing, Hesz is doing it magnificently. A weekend in the sun had left him with a fabulous tan, his hair and eyebrows a deep gold. The latter, increasingly Healesque, resemble the wings on a golden eagle. One day soon – mid-peroration – they will propel Mr Heselbine skywards, from where he will smile down upon us. But, back to Europhobe Teddy Taylor. Speaking in his tire-

SIGNIFICANT SHORTS

Police believe three young girls were poisoned by one or both of their parents, who also died, it emerged last night. The Asian family of five, including a five-month-old baby, were found dead in a downstairs room at their home in Southampton, Hampshire, just after midnight yesterday. Police are understood to have recovered a drugs "cocktail" and a syringe close to the bodies. There was no sign of forced entry or violence and the gas was not leaking. Post-mortem examinations revealed poison in all five bodies.

The dead family was named as Mahendra Karia, 42, his wife Mayuri, 39, and daughters Chandni, four, Shrina, two and Bijal, five months. The family were said to be devout Hindus and there was speculation that the deaths may have been connected to the Hindu practice of escaping family shame by taking their own lives. *Jason Bennett*

The Ministry of Defence is investigating how two women peace protesters managed to board a nuclear-powered submarine while it was berthed in a top-secret Royal Navy base. The women used scuba gear and the cover of darkness to enter the Clyde submarine base, home of Britain's Trident nuclear deterrent, early yesterday.

Once inside, the pair crept up the gangplank of HMS *Sceptre*, a Swiftsure Class hunter-killer submarine. Friends claimed they even had time to make a phone call from the submarine before they were finally arrested by naval personnel and handed over to MoD police. They were charged under local by-laws and with committing a breach of the peace.

The parents of Caroline Dickinson yesterday said their lives had changed forever with her murder at a youth hostel in Brittany. In a statement made through the Rev Tim Newcombe, Vicar of Launceston, John and Sue Dickinson said: "We have lost a quiet, loving and gifted daughter. Caroline's death has robbed us however, not only of a daughter, but of someone who had already become our very best friend."

Caroline Dickinson: "Quiet, loving and gifted daughter"

"Caroline had so much to look forward to and so many plans for the future which we were doing all we could to help her fulfil. Though the circumstances in which Caroline died are a revelation of real evil, the care, love and support we have received from everyone in Launceston and far away is a great help which we really value. We are very grateful to headmaster Alan Wroath and the staff and pupils at Launceston College, to the British Embassy, the French police and the people of Plaine Fougères for all they have done for us."

Bullying and even racism within families is a constant blight on the lives of many ethnic minority children, an analysis of calls to the charity ChildLine has revealed. Many callers to the helpline said bullying had been a feature of their entire school life, while mixed-race children facing prejudice within the family were possibly "the most unhappy we hear from", said Mary MacLeod, the organisation's research director.

The report paints a depressing picture of the problems suffered by some young people. A 12-year-old whose father died two years ago, told the helpline: "I am black and my mum is white. She has a new boyfriend who is completely racist. He is nice to me when my mum or friends are there but is horrible when we are alone. He says things like, 'you need a bath'." *Patricia Wynn Davies*

The Government last night fought off, by just 14 votes, a last-ditch Lords bid to give refugees three days' grace to claim asylum before losing their right to welfare benefits. Voting was 182 to 168, rejecting a move whose backers included the Labour peers' deputy leader, Lord McIntosh of Haringey, the former Archbishop of Canterbury, Lord Runcie, the ex-Chief Rabbi, Lord Jakobovits, and the former Labour minister and ex-SDP founder, Baroness Williams of Crosby (Lib Dem).

The vote upholds last week's Commons decision restoring ministers' original plans which require asylum seekers to state their aim upon entry to the country. Home Secretary Michael Howard's controversial Asylum and Immigration Bill, aimed at curbing bogus asylum-seekers, now goes for Royal Assent.

Britain will join France and Germany in setting up a new armaments co-operation agency, the Government announced yesterday. The three countries will also work together to develop a new armoured troop-carrier to enter service in 2007.

The British army needs about 2,000 of the new Multi-Roll Armoured Vehicles to replace the ageing FV430 series of tracked vehicles, known derisively as "skips", and also the 1970s Combat Vehicle Reconnaissance series including Spartan and Scimitar. *Christopher Bellamy*

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Fury as Major meets terrorist

COLIN BROWN
Chief political Correspondent

John Major met two Loyalist politicians with terrorist convictions in Downing Street last night in a clear signal to Sinn Féin that they will be brought into talks if the IRA call a ceasefire.

The meeting, which included John White, a convicted murderer and former member of the Ulster Defence Association, outraged Lord Fitz, the SDLP peer. But Mr Major's decision to "take a risk" was praised by Michael Mates, the former Northern Ireland Minister who has acted as go-between for the Government with the IRA.

"If it is going to be resolved and if former terrorists on both sides are going to be involved in a solution, some exceedingly nasty people on both sides are going to have to be spoken to," Mr Mates said.

The Tory MP said it was important to highlight the difference between the Loyalists paramilitaries who had declared a ceasefire which was holding, and the IRA, who had resumed the violence.

Mr Major's invitation to the Loyalists might persuade the IRA that if they called a ceasefire they could be also brought into the talks. "If a ceasefire had existed on both sides, it is ... possible the Prime Minister would be seeing the IRA terrorists as well," Mr Mates said.

Mr Major's meeting was intended to put pressure on Sinn Féin and the IRA to resume the ceasefire, enabling Sinn Féin to join the all-party talks, this week nearing a conclusion before a break until September.

At the meeting with Mr White were David Ervine of the Progressive Unionist Party, a former member of the Ulster Volunteer Force who was jailed for 11 years in 1975 for trans-



Street of fame: Loyalist John White, a convicted killer, outside No.10 Downing Street last night

Photograph: Jane Baker

porting a bomb with intent to endanger life, and Gary McMichael, leader of the UDP, whose father was a UDA commander murdered by the IRA.

A policeman's home in Co Antrim was petrol-bombed in an early morning attack, the RUC said yesterday.

The bomb was thrown through a window of the house at New Mossley, setting fire to furnishings. The occupant and his wife escaped unhurt.

It was the latest in a series of attacks against police officers since the Drumcree Orange parade crisis.

The hard men now talking peace

MICHAEL STREETER

Among the four Loyalists who met John Major yesterday are two men with serious paramilitary criminal records – a fact which has raised eyebrows in Unionist and Nationalist circles.

By far the most controversial is John White, the prisons spokesman for the Ulster Democratic Party (UDP), who was given a life sentence for the murder of SDLP Stormont Senator Paddy Wilson and his girlfriend in 1973. Responsibility for the murder, which shocked many in Unionist communities, was later claimed by the Ulster Freedom Fighters (UFF), which has links with the UDP.

Mr White, who served 14 years and left prison on a life licence, is described as a shadowy character, a "hard man" who can help keep Loyalist paramilitaries on track. One political observer said: "With his track record White can get Loyalist hard-liners to accept things few others could."

He was accompanied by the UDP's leader Gary McMichael, a 27-year-old life insurance salesman with no paramilitary track record; his father, John McMichael, was a well-known Loyalist hard man with strong links with the Ulster Defence Association, and he was murdered by the IRA in 1987.

The other convicted Loyalist is David Ervine, now spokesman for the Progressive Unionist Party (PUP) and a far more influential political figure than Mr White and, probably, Mr McMichael.

Mr Ervine, 43, from east Belfast, was arrested in 1975 for possessing explosives and served five years of an 11 year sentence in the Maze Prison.

There, in the Ulster Voluntary Force (UVF) wing, he underwent a political transformation and on his release joined the PUP to push for a non-violent solution to the troubles.

Widely seen as the most articulate and thoughtful of the Loyalist fringe politicians, Mr Ervine has won some praise

from all sides for his honesty and apparent willingness to negotiate for peace while still being able to reflect and influence UVF paramilitary thinking.

However, many Nationalists regard his relatively open stance as "too good to be true" and some wonder if he is being used by the British Government.

The PUP's leader, Hugh Smyth, also at the meeting, is a former Lord Mayor of Belfast and long-serving City Councillor, who used to sit as an Independent. The PUP is seen as representing the Unionist working classes, many of whom regard the mainstream Ulster Unionists and Democratic Unionists with suspicion.

The resignation letter

Dear Prime Minister, On 16 May I informed you that I wanted to leave the Government. I agreed to your request that I should stay until the July reshuffle. Unfortunately, knowledge about my decision has become public. To end further uncertainty I am resigning today.

I am leaving because I can no longer support the Government's policy towards the European Union. At the Foreign Office and more recently at the Treasury I have dealt with the European Union at first hand. I have supported a policy of attempting to reform it and building a relationship which protects British interests and prevents unwarranted interference in our affairs. This policy is not working. The drive to political union in Europe is relentless and has already gone beyond what most people regard as acceptable.

In particular I am convinced that joining a single European currency would be disastrous, both politically and economically. I know we are not as yet committed to a single currency. However, the Government's equivocation on this issue is confusing to the public and disappointing to most of our supporters. When something is clearly against the national interest, it is our job as the party of the national interest to make our position clear and resist it now.

I believe we must build a new relationship with the European Union. We can have free trade in Europe without being shackled to an economic system characterised by unnecessary regulations, high costs and unemployment. We can have close political relations with our European neighbours without sub-

mitting to a federalist legal system. It is because I see a new relationship with the European Union as essential that I have resigned from the Government and intend to speak freely from the back benches.

It has been a privilege to serve in your administration. I will, of course, continue to give you my support and do my utmost to secure the Government's re-election.

Yours ever, David

Mr Major's reply: Dear David, Thank you for your letter earlier today.

I regret your decision to resign, since as you know from our earlier discussions, I believe it is a mistake. We set out our position on Europe very clearly in the White Paper on our approach to the IGC. I am just as determined as you to take decisions that are in Britain's national interests, and not to saddle Britain with unnecessary regulation, high costs or unemployment.

Whether or not we decide to join a single currency, if it proceeds it will have a significant impact on the United Kingdom. In these circumstances, I believe our national interest means we must retain our influence by being part of the negotiations and by arguing our case. If, when the time comes, we decide it is not in Britain's interests to join, we will not do so.

I am grateful for what you have done during your time in Government, particularly as Deputy Chief Whip, Minister of State in the Foreign Office, and Paymaster General.

Yours ever, John

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Danger in the air: Airline incidents and crash of historic warplane highlight pressures on maintaining safety in the air

Biggles factor propels wartime aircraft back into the skies



Servicing the dream: Kim Stazaker working on a flying Mustang P51 at Duxford Air Museum. Photograph: Brian Harris

CHRISTOPHER BELLAMY
Defence Correspondent

How can it be that the number of Second World War aircraft capable of flying has increased dramatically in the past decade? The answer lies with the enthusiasts who devote their time to restoring them.

In spite of occasional crashes, such as the loss of Britain's only flying Mosquito fighter-bomber on Sunday, a powerful lobby believes that historic aircraft belong in the air. The difference, they say, is between stuffed animals in a museum, and living animals in a zoo.

"There are several thousand of these aeroplanes worldwide, most of them in the US," said Stephen Grey, head of the Fighter Collection based at the Imperial War Museum at Duxford, Cambridgeshire. "Ten years ago there were three or four Spitfires flying in the world; now there are 25. There were

Restored to flight

Piston-engined military aircraft flying, worldwide		
	Mid-1980s	Now
Spitfire	3-4	25
Lancaster	1	2
Mosquito	0	2-3
Bombardier	0	1
Mustang	40	100
B-17 Flying Fortress	N/A	10
Me-109	0	3-4

about 40 Mustangs - now there are 100. Fifteen years ago there was one Lancaster; now there are two, and others are under restoration."

The loving care lavished on historic aircraft is not limited to Allied planes. A decade ago, of the 22,000 German Me-109 fighters built, none were flying. Now, Mr Grey said, three or four are flying and a similar number are being restored.

The privately sponsored Fighter Collection, with 18 flying aircraft and 13 undergoing restoration, is only one of many in Europe. The RAF's Battle of Britain Memorial Flight, whose aircraft take part in official fly-pasts, has one Hurricane and another being restored, a Lancaster, and five Spitfires. The Navy retains its own Historic Flight, with a Sea Fury, a Firefly and two Swordfish.

More effort is now put into restoring the aircraft than would have been expended on them in wartime, when they were built. Engine and propeller parts can be taken from aircraft too damaged to restore. Other parts - wooden parts and rivets - are made from scratch.

When an old aeroplane crashes, it is usually through "human error". The aircraft, designed for war, were usually pushed to the limit in their development: large numbers were

expected to be shot down, and safety was not a priority.

"They're big gyroscopes, essentially, with an enormous propeller on the front," said Mr Grey. "If something goes wrong it's a question of knowing what to do." He refused to speculate on the cause of Sunday's accident. But in previous cases, he said, pilots had been distracted, or had made simple errors.

The determination to keep historic aircraft flying stems from the belief that there is more to history than the mere artefact.

"It's not a glorification of war," said Mr Grey. "The jet has obviously been an amazing technological change. Piston-engine technology has reached its end. That's a reason for maintaining it. Historically it's pretty important to see these things in their prime element, which is in the air. How would a child know what a Spitfire is, if he just saw it in a museum?"

Loophole on foreign aircraft to be closed

CHRISTIAN WOLMAR
Transport Correspondent

Tighter controls over foreign-licensed aircraft are likely to be introduced next summer because of concern over a series of air-safety incidents.

Sir Malcolm Field, the new chairman of the Civil Aviation Authority, said yesterday that a review of the regulatory regime for foreign aircraft being operated from the UK is to be carried out in the autumn.

The issue has become prominent because of the crash of the Turkish-registered Birgenair Boeing 757 in the Dominican Republic in February. The jet was carrying German tourists between the Caribbean and Germany, and yet the aircraft was registered and regulated in a third country.

Last month, passengers in Florida due to travel on an Antigua-licensed DC10 belonging to Excelsior Airways refused to board the aircraft because smoke had entered the cabin. The airline went out of business shortly afterwards.

Similarly, British holiday-makers have found themselves on various foreign-owned aircraft although they have booked with British tour companies.

Yesterday, at the launch of the CAA's annual report, Mike Willett, head of safety operations, said that once given a licence, British tour operators could charter aircraft from any carrier in the world. He said that most airlines were safe and "there are very few airlines that I would not fly in".

The CAA accepts that there is a loophole. Aircraft from carriers which are registered in Third World countries are often not maintained to the same standards as those of Western

operators, even though the countries are signatories to the Chicago Convention which lays down international safety standards.

The problem for the CAA is that regulating these carriers will be expensive, involving both inspection of maintenance records and checking cockpit procedures of air crew.

Moreover, if tour operators are banned from calling in these aircraft at short notice, then passengers at peak times in the summer are likely to find themselves stranded for long periods either in Britain or at their foreign destination because no replacement aircraft will be available.

Concern over safety will be highlighted again later this week when British Midland is prosecuted at Luton Crown Court over an incident in which one of its Boeing 737s, with 180 people on board, nearly ran out of oil because of a maintenance error. The Air Accidents Investigation Branch will ask the CAA for a review of maintenance procedures following this incident and two others where lives were put at risk by maintenance failures of UK operators.

The CAA also warned yesterday that passengers faced a small surcharge next year to ensure that people stranded as a result of the failure of travel firms can be brought back or be reimbursed.

The Air Travel Trust Fund, set up in the 1970s following the failure of the tour operator Clarkson, has been depleted by a recent spate of tour firm failures and the CAA has had to borrow £3m to compensate passengers and run emergency charter flights. Now, legislation to levy about 50p off each passenger is likely to be introduced in the autumn.

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- There will be few letter deliveries and collections on Friday 26th July.
 - Deliveries and collections will resume on Saturday 27th July.
 - We recommend that you avoid posting letters on Friday this week.
- #### 48 Hour Strike on Wednesday 31st July and Thursday 1st August
- Collection and deliveries will be affected on Wednesday 31st July and Thursday 1st August.

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DAILY POEM

The Song

By Gavin Ewart

I am a free ranging ben
and God put me on this earth
to pick up the crumbs of intelligence
I need for my artwork
the old how, the variant where, the new when.

I am the Gauloise (blue)
for many years since my birth
I have been jumbling the words into elegance,
part pleasure, part work,
and I have been smoked by the many, bought by the few.

I am a sandwich fresh cut,
cat me aurally, near the bone
and juicy the ham was, desiccated
the pub clock will make it -
catch me by the vanishing rabbit's quick scut.

I am a bottle of wine,
the wrath in my grapes homegrown,
drink me; those who hesitated
were never able to take it.
Slup me rough and homely and I'll taste fine.

"Gavin Ewart wrote delightful poems on almost any subject, but the prodigality, cleverness and sheer high spirits of his verse were often bright clothes covering great depth of feeling," writes Tony Whitmore, his editor at Hutchinson for 20 years. "Before he died in October 1995, he had compiled for us a new volume of *Selected Poems*, published this week. He chose as its epigraph 'The Song', one of his poems which sums up both the delight and seriousness of his work."

Mayors could lead Labour's 'wise spenders'

NICHOLAS TIMMINS
Public Policy Editor

A "positive debate" on Labour's proposals to elect mayors for major cities will be called for today by Tony Blair, the Labour leader, in a speech which will bluntly warn local authorities that they cannot expect big spending to return under a Labour government.

"In government, we will not be big spenders but wise spenders," Mr Blair is expected to tell councillors at the Shadow assembly of the new Local Government Association.

"The future of local government will not be based on spending an increased share of the national cake, but on improved efficiency and ensuring that every council sees its aim

as matching the performance of the best." That means that while compulsory competitive tendering will go, councils will face a new duty of seeking best value for money - an approach which, Labour analysts believe, will mean some competitive tendering will continue. And government will retain a right to intervene if a council is not judged to seek

best value. The "democratic renewal" which Mr Blair promises will include involving the public more in council decision making - and a "positive debate" on elected mayors.

But academics and management experts yesterday warned that the seemingly simple idea embraces a host of very different models.

Across the world, mayors range from those with powers to set budgets, hire and fire staff and veto a council's legislation, a model common in US cities, to limited formal powers, with clout coming from an electoral mandate, political skills and personality - as in New Zealand.

"The more you look at elected mayors," according to Gerry Stoker, Professor of Government at

Strathclyde University, who has just completed a study of German and Italian mayors, "the more you realise the variation that can be achieved."

Even within one country, such as Germany, differing models abound. In Hessen, Professor Stoker says, the mayor is directly elected but a cabinet is then appointed by the assembly, so "to get anything done, you clearly need the broad agreement of mayor, cabinet and assembly."

By contrast, the mayor of Heidelberg is elected for an eight-year term and has significant executive powers. Public opinion seems to welcome the idea, however: a study by Strathclyde University last year found 70 per cent of the electorate in favour.

Leading article, page 13

High profile leaders with city solutions

NICHOLAS TIMMINS
KATE WATSON-SMYTH
CHARLIE BAINS

LONDON

London would be the obvious candidate among UK cities to have an elected mayor - but it would be the riskiest.

Since the Greater London Council was abolished in 1986, there has been a growing demand for a return to some form of London-wide government. London First, an association of 200 top companies and City interests, is working on detailed proposals for a directly elected mayor - it prefers the term "governor" to work with eight commissioners carrying specific portfolios.

London has a plethora of local organisations, but, argues London First: "What it lacks is co-ordination and long-term planning". A directly-elected mayor would "champion London at home and abroad".

Close observers calculate that most leaders of Labour-controlled boroughs in London are against the idea, and the Conservatives remain deeply resistant to it.

That has not prevented speculation on who might run for "governor": Tony Banks, Labour MP and ex-GLC councillor; Simon Hughes, Liberal Democrat MP; Michael Cassidy, policy chairman (in effect, leader) of the City of London; Heather Rabbatts, go-getting chief executive of Lambeth; even Lord Sheppard, Conservative ex-chairman of Grand Metropolitan, who is chairman of London First.

OXFORD

A high-profile city leader could help Oxford solve its growing congestion problem and also change the city's "town and gown" image. The Labour-controlled city council favours an elected mayor to help speed decisions regarding city centre congestion, and promote the city as an industrial centre as well as one of learning and tourism.

Among the names thrown up were those of the former leader of the Labour Group on

Oxfordshire County Council, James Plasket, and the Chancellor of the University of Oxford, Lord Jenkins.

LEEDS

If Harvey Nichols, the favoured shop of the rich and famous, is prepared to open its first regional branch in Leeds, it could be argued that the city has no need of an elected mayor to raise its profile.

The store has followed a number of businesses which in recent years have flocked to Leeds - now the biggest financial services centre outside the capital. Aided by an imaginative licensing policy, the city boasts large numbers of clubs and cafes, and many residents have a high disposable income.

The council has worked hard to raise the profile of Leeds and, under Jon Trickett, set up the 24-Hour City Initiative to bring business and community leaders together to discuss the city's regeneration.

Mr Trickett, now Labour MP for Hemsley, would be an obvious candidate, but both he and the present city council argue that Leeds has no need for an elected representative.

LIVERPOOL

Liverpool is one city with experience of "city bosses". For many years Liberal Sir Trevor Jones ran the city council, only to be followed by the turbulent reign of Derek Hatton. The city is now fiercely proud of its recovery, and recently scored Objective One status, a European regeneration award amounting to £1.2 billion, which will see it through to the year 2000.

The refurbished Albert Dock is among the top five British tourist attractions, and Paul McCartney has ploughed millions of pounds into the Institute of Performing Arts.

Perhaps the Hatton era turned the city against the idea of an elected leader. Christopher Gibaud of the Mersey Partnership, whose remit is to raise the region's profile, says an elected mayor would turn the "emasculated local authorities into a snake-pit of confusion".



Purely ceremonial: London's Lord Mayor's parade. A mayor with real powers could be a champion for the city

More power to take action than the President

PARIS

Mayor Schmae, a celebrated national figure who is close to President Clinton, belongs to new breed of pragmatic, technocratic black American mayors whose policies have not been defined by race politics. A Yale-educated Rhodes scholar, he has been accused by critics of being too cerebral, lacking in the common touch. But more often he has drawn praise.

He has been mayor of Baltimore since 1987, having been elected for the third successive time last November. His most notable successes have been in adult education and urban renewal. His popularity among all races in a city that is 60 per cent black saw him win the last election with 78 per cent of the vote.

Mr Schmae is blessed by the city's statutes with a high measure of autonomy. The city council, a legislative body, approves the budget. But the mayor controls it. He signs the cheques for the city's 28,500 municipal employees; he appoints the heads of departments, including the commissioner of police, and they enforce his policies. "They do what he says. They're his army," said Clinton Coleman, the mayor's press secretary.

STRASBOURG

Ms Trautmann, a theologian and native of Alsace, is regarded as one of France's most successful mayors, combining the roles of adept local administrator and high-profile ambassador for her city in France and in Europe. Aged 45, she was first elected mayor in 1989 against the city's reputation as a right-wing stronghold. Last June she was convincingly re-elected for a second term against the national trend to the right. She remains the only female mayor of any French city with a population of more than 100,000.

When she became mayor, Strasbourg was wracked by social divisions which are more extreme than almost anywhere else in France. Immigration was a major issue and environmental worries also loomed large. The two most visible re-

sults of Ms Trautmann's first term in office were the Strasbourg tramway, which links outlying suburbs to the city centre and has removed cars from much of the city centre, and the Strasbourg affiliate branch of the elite Paris business school, ENA. She has successfully argued for keeping European Parliament sessions in her city.

A French mayor is directly elected by dint of heading the victorious party or coalition list in the six-yearly local elections and combines the functions that are exercised separately in Britain by the lord mayor and council chairman.

He or she earns a salary related to the population of the city or village (around 20,000 francs a month for Strasbourg) and controls the city budget, which includes spending on school and community buildings, council housing and local transport.

Naples was a byword for modern urban trash. Generations of sleazy, incompetent municipal councils had turned the city of the Grand Tour, a Baroque jewel nesting at the foot of Mount Vesuvius, into a sprawling industrial city choking on smog and anarchy. In 1993, the very nadir of its postwar history, Naples was formally declared bankrupt and its traffic lights were turned off for two months to save money - not that anybody noticed since traffic lights had long since lost their meaning amid the chaos. But then the messiah finally arrived in the shape of Antonio Bassolino, a charismatic local left-winger who won the mayoral office in a tight electoral race against Alessandra Mussolini, granddaughter of the Duce, in December 1993. In little more than two years, the centre has been cleaned up and partly pedestrianised, traffic has been reorganised to run more smoothly, museums and public buildings have been made more accessible and street festivals have been revived. Above all, Naples has recovered its self-esteem.

Blair moves to placate unions over strike law

BARRIE CLEMENT
Labour Editor

Tony Blair yesterday moved to calm the nerves of senior union leaders, privately assuring them that Labour had no plans to introduce a law to enforce binding arbitration in the public services, currently hit by a wave of stoppages.

While some of Mr Blair's colleagues believe that such a "no-strike" regime could be a means of avoiding disruption, unions have made it clear that such a system would end in a bureaucratic quagmire with every petty argument ending up in the hands of an arbiter.

The strong disagreement among senior figures in the labour movement comes at a time when unions are planning more strikes on London Underground, postal workers are scheduled to stage another day-long walkout on Friday, civil servants have voted for stoppages at the Benefits Agency, and firefighters in Derbyshire announced further disruption.

Mr Blair has now moved, however, to placate trade unionists and it is understood that those in the Labour Party who are considering plans for compulsory arbitration have been told to keep their views to themselves. His assurance will inevitably lead to Tory accusations that Labour has once more bowed to its "paymasters".

As the Labour leader held one of his regular but secretive "contact group" meetings with trade unionists, Ian Lang, President of the Board of Trade, confirmed a threat to lift the

Royal Mail's monopoly on delivering letters for less than £1 unless employees abandoned their plan for a strike on Friday.

Talks between management and postal workers' representatives continued at the conciliation service Acas last night, and the postal executive of the Communications Workers Union is due to assess progress today. The union originally intended to stage a 36-hour strike beginning on Friday but has since curtailed it to 24 hours as an "olive branch" - although it is believed that some CWU members objected to the longer stoppage.

Elsewhere in the public sector, the CPSA Whitehall union announced a vote for strike action among members in the Benefits Agency concerned about their safety when the Jobseekers' Allowance is introduced in the autumn. Staff are worried that the strict rules may provoke angry scenes, and the union is seeking the reintroduction of security screens for protection. The narrow majority for strike action - 5,449 to 4,434 in a 40 per cent turnout - may make it difficult, however, for the union to press ahead with stoppages.

The London Underground dispute remains deadlocked with two further stoppages planned within the next seven days - one on Thursday and another next Monday and six more after that.

In Derbyshire, leaders of 800 firefighters announced another four strikes in protest at cuts in spending which the Fire Brigades Union believes will result in the loss of 80 jobs.

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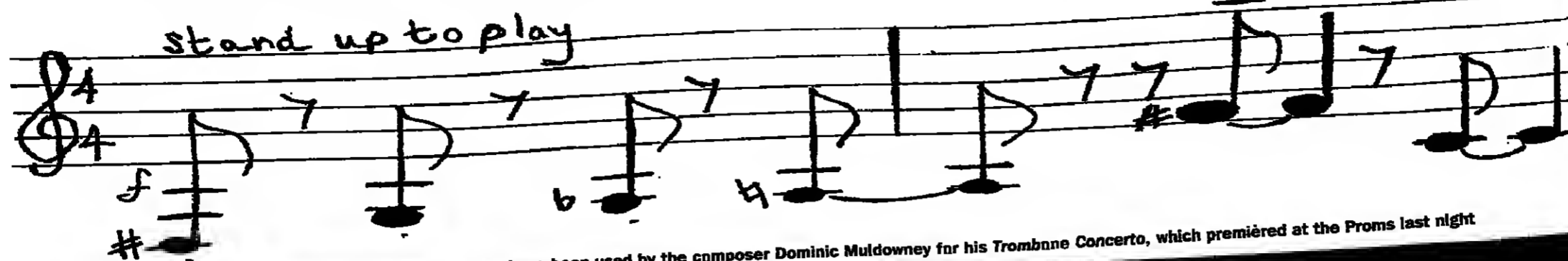
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Hancock 'concerto' lifts veil on talent



The notes forming the theme tune to Hancock's *Half Hour*. They have been used by the composer Dominic Muldowney for his *Trombone Concerto*, which premiered at the Proms last night

MARK PAPPENHEIM

The new season of the Proms has confirmed its commitment to the best of contemporary British composition by fielding both the venerable Sir Michael Tippett alongside new talent such as Dominic Muldowney, whose new concerto based on the theme tune from Hancock's *Half Hour* was premiered last night.

As director of music at the Royal National Theatre for the past 15 years, Muldowney's music has probably been heard by more people than most composers aspire to. But his new work, *Trombone Concerto* – designed to exploit both the comic and serious sides to the slide trombone by interweaving a musical tribute to JS Bach with the Hancock tune – is just the sort of high-profile exposure Muldowney, 44, deserves.

The BBC should feel ashamed for not televising it, or any of the other new works this year. The Proms' recent hit rate with new works has shown a distinct improvement. Both John Tavener, with the plangent, soaring cello lines of his *The Protecting Veil*, and James MacMillan, with the nightmare



witchery of his *Confession of Isobel Gowdie*, have scored popular successes that have gone on to extended life on CD and in the concert hall.

Partly this is a reflection of a genuine flowering of British talent over the past decade or so, a flowering that has taken root on the world stage too.

Even as the hecklers were massing to disrupt performances of the music of Sir Harrison Birtwistle – the modernist *bête noire* of the unconstructed romantics – foreign foundations were queuing up to shower him with cash-rich prizes: \$150,000 (£100,000) from the Grawemeyer Award, 250,000DM (£108,000) from Siemens. The mysterious Rex Foundation, unmasked as the cultural wing of psychedelic Sixties rock group, the Grateful Dead, has channelled funds into new works by such artists as James Dillon and Michael Finnissy, both proud pupils of the "New Complexity" school.



Slide show: The Swedish trombonist, Christian Lindberg, who will lead tribute by Muldowney (left) to Tony Hancock (top left) Photograph: Cisl Burn

Among the more mainstream modernists, approachable composers such as Oliver Knussen, Colin Matthews and Mark-Anthony Turnage are all making waves on the world scene. John Tavener, high priest of the so-called "Faith Minimalists", was last year honoured with an entire festival of his works in Athens.

At 91, Sir Michael is the senior composer represented in

this year's Proms. In September there will be performances of his 1950s *Corelli Fantasia* and his more recent orchestral piece, *The Rose Lake*, but he has already made an appearance to present the Gold Medal of the Royal Philharmonic Society to the 87-year-old Elliott Carter. The American's *Fifth String Quartet* has just received its London premiere as the centrepiece of a new series of lunchtime

chamber music Proms to be performed every Monday in the Britten Theatre of the Royal College of Music.

Although Carter has had work commissioned for the Proms, Sir Michael, stalwart of British music, has never been so honoured. The nearest the Proms ever got was to present the London premiere of *Corelli Fantasia* back in 1953.

Even Benjamin Britten, un-

til his death surely Tippett's sole rival for the title of Britain's leading post-war composer, was only ever commissioned once.

Few of the works specifically composed for the Royal Albert Hall have ever gone on to join the mainstream: all too often, budding young (and even older) composers, presented with that unique audience, atmosphere and acoustic, have created pieces that work only in

the spacious setting of the Albert Hall.

Whatever the audience response, though, Muldowney has scored highly on one point: he did at least complete his piece on time, unlike several more famous oases in the Proms past.

And remembering how the "Lad himself" appreciated the "Unfinished Symphony", it's a good thing too.

British talent in full bloom



Sir Harrison Birtwistle, the 62-year-old Accrington-born composer is now household name, thanks to his opera, *The Second Mrs Kong*, and the ear-splitting *Panic* at last year's Proms.



John Tavener
Former Beatles protégé Tavener made his Proms comeback in 1989 with *The Protecting Veil*. His works clear a path through the impenetrability of modern music.



Mark-Anthony Turnage
Self-styled Essex boy and artistic director of the English National Opera Studio, Turnage is working on a new operatic version of Sean O'Casey's *The Silver Tassie*.



Gavin Bryars
Part-time pataphysician, Bryars' *Jesus' Blood Never Failed Me Yet* was a chart hit. Dr Ox's Experiment will appear at EVO next year.

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international

Amnesty to condemn Israel over Qana massacre

ROBERT FISK
Beirut

Israel will come under scathing criticism from Amnesty International tomorrow when the organisation publishes its report on the massacre of civilians at the UN's headquarters in Qana and on other civilian casualties of Israel's April bombardment of southern Lebanon.

According to sources in Beirut, Amnesty's investigation team – which included a retired Dutch army general and which visited both Lebanon and Israel – has concluded that the Israeli attack on the UN compound at Qana, in which over 100 civilians died, was deliberate and that Israel's own inquiry into the killings was cursory.

Amnesty – whose report is said to be much more critical than that of the UN's own investigators, who concluded that it was "unlikely" the Israelis shelled Qana in error – is also believed to have harsh words for

the Hizbollah, criticising its irresponsibility for firing mortars at Israeli troops from close to the Qana compound when they must have realised the danger to civilians sheltering near by.

It is now known that the Amnesty team was told by UN officials in Lebanon that only a day before Israel's assault on the UN's Fijian battalion headquarters at Qana, another attack – hitherto unrevealed – took place against a UN Nepalese battalion post at Majdel Zun in southern Lebanon. Eight Israeli shells landed inside this UN compound – some fitted with the deadly proximity fuses that slaughtered so many at Qana the following day – but on this occasion refugees had been herded into bomb shelters and there were no civilian casualties. There had been no prior warnings from the Israelis before the attack on the Nepalese and no Hizbollah fire from the vicinity prior to the Israeli shellfire. Amnesty expressed its grave



Killing ground: Devastation at Qana after the Israeli shelling

concern at the killing of Lebanese civilians at the height of Israel's bombardment but its detailed report, compiled less than a month later, is believed to concentrate on violations of "the laws of war" by both sides. It is said that it will demand

compensation for Israel's civilian victims and punishment for the Israelis responsible for the Qana massacre. Sources say it also demands – unrealistically, of course – that the United States and Iran should place restrictions on the use of weapons

they provide to Israel and the Hizbollah which would prevent the further killing of civilians.

The Amnesty report is also understood to condemn Israel for two other attacks on civilian targets during its "Grapes of Wrath" operation. Amnesty investigated the killing of four children and two women in a Lebanese ambulance which was attacked by an Israeli helicopter at al-Mansouri in southern Lebanon on 13 April, and the killing by another Israeli pilot of seven children and two adult civilians in their home at Nabatea on 18 April, just a few hours before the Qana slaughter. The report is said to conclude that the Israelis responsible for these killings should also be brought to justice.

The Amnesty team is known to have talked to Hizbollah as well as Israeli officials, and the report is understood to detail Hizbollah's rocket attacks upon northern Israel, something which Hizbollah leaders have

openly admitted. Amnesty has already condemned such attacks as a breach of international law and is understood to have repeated this condemnation in its report.

■ In Beirut yesterday, Sayed Hassan Nasrallah, the Hizbollah leader, told journalists that his organisation had tried to find the missing Israeli airman Ron Arad who was captured by Palestinians after being shot down during a raid on Sidon in 1986. Nasrallah claimed that Arad had been mysteriously taken from his prison cell after capture but that the Hizbollah did not know his whereabouts. His press conference followed the freeing of 45 Lebanese prisoners from the Israeli jail at Khiam on Sunday and the exchange of the bodies of two Israeli soldiers for the remains of 123 Hizbollah guerrillas. When Hizbollah released 17 pro-Israeli militiamen, however, all 17 told their Israeli-paid officers that they wished to remain in Beirut.

TWA crash: Wreckage and more bodies recovered from ocean floor may provide breakthrough

Hopes rise for clues as fuselage is found

JOHN CARLIN
Washington

After five frustrated days, yesterday finally came what could be the breakthrough that investigators have been waiting for. A major part of the fuselage of TWA Flight 800 was discovered in the Atlantic ocean off New York's Long Island, along with more bodies.

The news came during a memorial service, attended by Governor George Pataki. "God works in very strange ways," said Mr Pataki. "While we were here, a major part of the fuselage has been found, additional bodies have been located and we're hopeful that your agony, struggle will come to a quick end."

None the less, it is still unclear whether, after five days of being washed by the salty water of what has been a turbulent sea, the FBI forensic experts will be able to get their hands on the chemical evidence that is required to help establish whether the explosion which blew the Boeing 747 out of the sky was mechanical or man-made.

"It frustrates me," said Jim Kallstrom, the FBI assistant director in charge of the investigation. "I need this forensic evidence. Because if I do have a terrorist here – and I'm not saying I do ... it's another day's head start that this individual has to do whatever he's doing to cover his tracks."

On Saturday some excitement was generated by the announcement that naval sonar devices had come across what Robert Francis, vice-chairman of the National Transportation Safety Board, described as "a large piece of something".

Maybe it was the plane's fuselage. But then, on Sunday, when a vessel equipped with an underwater video camera was dispatched to the area, the camera failed. The prospects of finding the black boxes containing the flight data and cockpit

voice recorders remain gloomy. The boxes are supposed to emit pinging sounds easily detectable by sonar detectors, but not one ping has been heard yet. As Mr Francis told NBC, "It's a big ocean out there."

In the meantime, the CIA has asked Israel to check the Athens-New York passenger list of the TWA plane for people with links to "terror" groups, an Israeli newspaper reported yesterday.

"The American intelligence agency gave Israel's Mossad [secret service] the passenger list of the TWA plane from Athens to New York and asked that it check the passengers' backgrounds to reveal if one of them had connections to a terrorist group," Israel's largest-selling daily, *Yedioth Ahronoth*, reported.

The unsourced report said that the CIA had made the same request of Jordan and Egypt.

Israeli officials were not immediately available for comment. Israeli security sources would not confirm or deny the report, but one spokesman said: "There is cooperation."

US investigators said on Sunday that without finding additional wreckage they would not be able to say conclusively if TWA Flight 800 was downed by an act of sabotage.

On Friday, Israel's *Haaretz* newspaper quoted an unidentified senior security source as saying Israel was helping US intelligence agencies and the FBI in the investigation.

In London, the Iranian embassy said it had complained to the *Times* about a report saying the destruction of TWA flight 800 may have been caused by Iranians. "It is much to our surprise that the *Times* is using any tragic event in the world to distort the image of the Iranians," a letter, signed by Mohammad Safaei, deputy head of Iran's diplomatic mission, said.

Four die in Pakistan airport bombing

Lahore (Reuters) — Pakistan's Prime Minister Benazir Bhutto vowed yesterday to fight terrorists with an "iron hand" after a bomb blast at Lahore airport killed at least four people and wounded 68.

A second bomb in another town in Punjab wounded eight people, the provincial chief minister Mohammad Arif Nakai said.

Police said earlier that the Lahore explosion, at a food stall outside a domestic departure lounge at the airport, killed six people and wounded more than 50. But Mr Nakai later said that four people were killed and 68 injured by the blast, which he blamed on unidentified "external elements".

There was no immediate claim of responsibility or information about who had set off the bomb, the latest in a series of such attacks in Punjab – the country's most populous province. The attacks have

killed 70 people and wounded hundreds more.

A senior police official, who asked not to be named, said he suspected a "foreign hand". In the past, the authorities have accused intelligence networks from India of sponsoring bomb attacks in Punjab in retaliation for Pakistan's support for militants fighting Indian rule in Kashmir. India has denied the charges.

Ms Bhutto, who is visiting South Korea, condemned the Lahore attack in a message which said: "Terrorists are out to terrorise the people and government of Pakistan." State television quoted her as declaring she would not compromise with terrorists and would "deal with them with an iron hand".

Political sources said the bombings were likely to put Ms Bhutto under fresh pressure from opponents already accusing the government of failing to maintain the peace or to check corruption.

JANE WALKER
Madrid
PETER VICTOR

The Spanish government yesterday announced that security is being stepped up along the Costa Dorada around Barcelona and Tarragona following the weekend bombings in which 30 Britons were injured.

The Spanish government is expected to adopt tough new anti-terrorist measures this week. Miguel Angel Rodriguez, the secretary of state for communications, refused to give details, but said that an announcement would be made later this week.

In the latest Eta summer bombing campaign, 14 bombs have been placed in areas frequented by foreign tourists since 9 July.

Police are searching for two men who were seen acting suspiciously near the Hotel Augustus in Crambills on Sunday evening. Five hundred

guests, mostly German and Dutch, were evacuated from the hotel before police found and defused the small packet containing around 500g of explosive material and a timing device hidden in a window.

Of the 34 people injured in the blast at Reus Airport on Saturday evening, 12 were still in hospital yesterday.

Police suspect that a cleaner, who was the most seriously injured, could have triggered the airport bomb prematurely when he emptied a waste bin in the har in the departure area where the bomb had been hidden.

A telephone call to a Basque newspaper warned that the bomb had been timed to explode between 8 and 8.30pm. Police had not had time to evacuate the crowded airport terminal when the bomb went off 20 minutes early. The metal waste bin shattered into hundreds of pieces, scattering fragments which caused

shrapnel injuries to the victims. Condemnation of the latest Eta bombing campaign, which is similar to ones inflicted on the Spanish Coast every summer for almost a decade, has been universal.

Eta is attempting to damage the Spanish economy by targeting its vital tourist industry. More than 40 million tourists visit Spain each year, four and a half million of them from Britain.

However, Costa Dorada hoteliers appeared yesterday to be more worried about the threat from terrorist bombs than their clients. The beaches were crowded as normal, and visitors had to search Salou beach for space on which to spread their towels. Most hotels in the area are full to capacity, with few cancellations from tourists.

The Foreign Office said yesterday that it was modifying its advice to tourists in Spain after the events of last weekend, but

was not clear what the new advice would be.

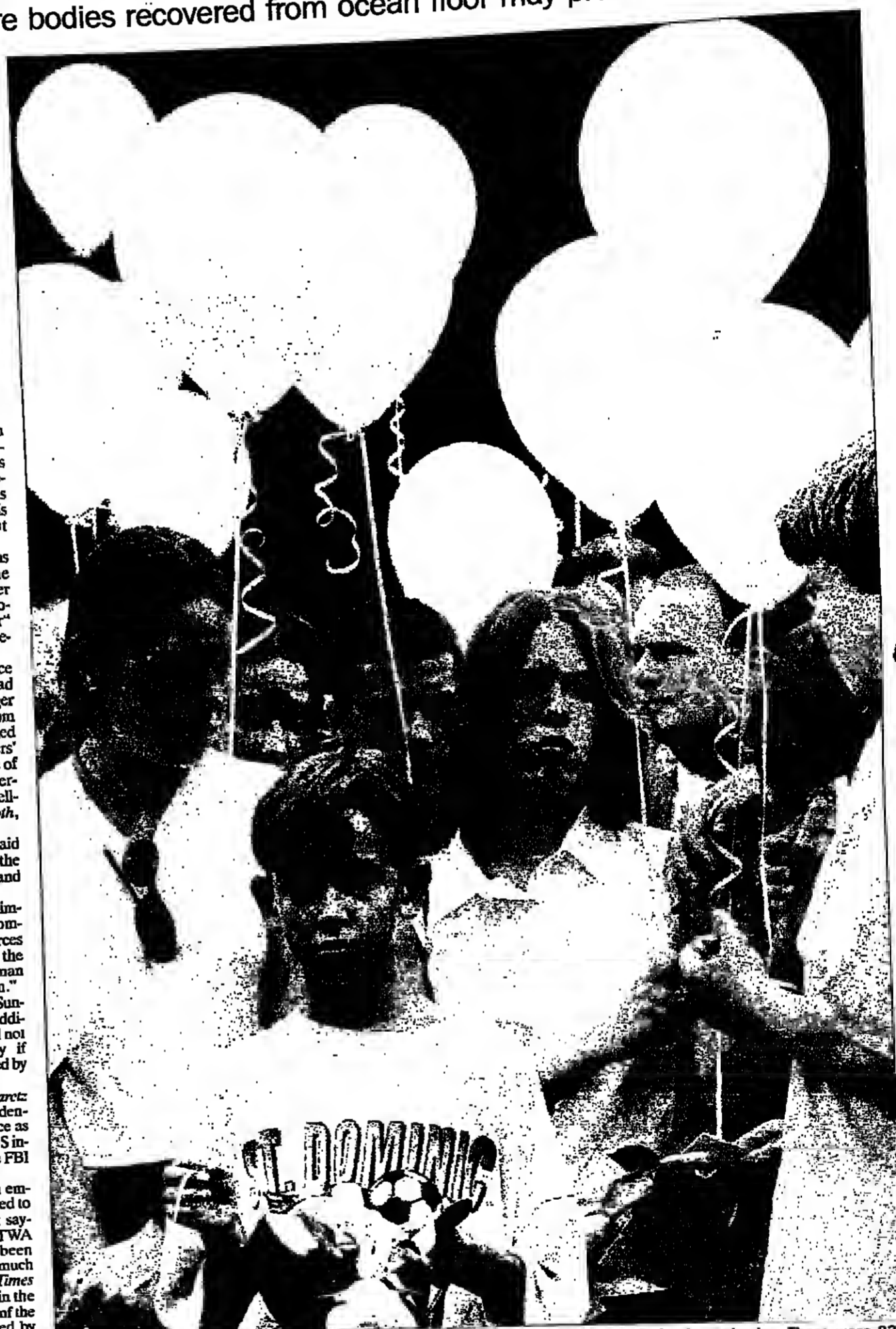
"The final wording of our advice is still being worked on, but we are certainly not telling people not to go to Spain," said a spokesman. "Obviously, people planning a Spanish holiday must bear in mind what's been happening."

"There have been occasions, in other areas, when we have advised people against travelling. But in this case we are asking people to be vigilant and use common sense."

The advice is prepared by the Foreign Office's travel advice bureau which is attached to the consular division.

The bureau liaises with consulate or embassy officials in the area concerned, as well as Foreign Office officials, before finalising the wording of advice bulletins.

The Association of British Travel Agents (ABTA) is closely monitoring the advice and will pass it on to tour operators and travel agents.



Friends and relatives of victims of the TWA disaster at a memorial service in St Louis yesterday. There were 230 balloons, one for each person on the aeroplane which crashed off Long Island. Photograph: Mary Buktus/AP

Spain takes hard line on terror

COMPAQ

Problems for the parks: From the US to Africa, changing holiday patterns and budget crises menace the world's great outdoors

Tourists trek into a financial wilderness

DAVID USBORNE
Yellowstone

"FOR ALL THE PEOPLE TO ENJOY." So declares the inscription atop the stone arch at the north entrance to the Yellowstone National Park. What it does not go on to say is: "So long as someone pays for it". Why should it? America's famed park system is a sacred, national birthright.

But you need only drive a few yards further to the log-cabin welcome station to discover that at this park as at dozens of others across the nation, it is not well. Down the list of the park's facilities two freshly-painted "closed" signs are posted. A story in the give-away park newspaper ominously trumpets: "Yellowstone National Park just one step from insolvency".

The parks are basically broke and this summer, when the tourist swarms are at their peak, visitors are for the first time being forced to take notice. Campgrounds, trails and other attractions are closed, rangers are fewer in number and roads are crumbling beneath the rush of cars and mobile homes. The picture is the same whether you are here or at Yosemite, Glacier, Grand Canyon, or any of the scores of lesser-known parks across the country.

One obvious culprit is the low entrance fee. At Yellowstone a carload of passengers will pay only \$10 (£5.50) for the privilege of touring the park for a whole week, not a cent more than when the park was established in 1916.

More critical, however, is the squeeze being applied by the politicians in Washington, who, in their frenzy to wean all dependents of the state from federal funding, have seen little reason to exempt the parks. Since 1993 the system's budget in real terms has dropped by \$202m, or 17 per cent.

No park has stirred more controversy than the most famous, Yellowstone. After briefly considering the closure of a large part of its territory, the park opted to close a museum and campground at its second-most visited geyser area, the Norris Geysers. The move provoked fury from state politicians in Wyoming who were worried about tourist revenue, while visitors to Norris constantly express dismay.

"I just think that this is very, very sad, it really fries me,"



Monumental problem: Yellowstone is one of America's most famous national symbols but it is also flat broke, thanks to politicians' meanness

Photograph: Michael Yamashita/Colorific

comments Kurt Speidel, a California schoolteacher, pausing outside the closed doors of the Norris museum. "This park is part of our diplomacy, people come from all over the world to see it. And what they find is this - because the Republican politicians think the park is good enough as it is, and go visit their fancy guest ranches instead."

Don Striker, Yellowstone's embattled budget director, understands the bitterness but makes no apology for the closures, which may, after all,

send a message about the depth of the park's plight. "We've been dealing with this more or less invisibly for a few years already but this year we just hit bottom," he said. "Maybe there is an element of political statement in this, but it was definitely time to let people know what is happening."

Congress, meanwhile, does have some ideas on how to save the parks. One bill under consideration would allow them to set entrance fees, and presumably raise them. A second,

which has the support of President Bill Clinton, envisages a more radical step towards privatisation. For the first time it would allow limited forms of corporate sponsorship for the parks. Advocates of sponsorship say it would raise an extra \$1bn for the system over 10 years and could be managed tastefully.

The current proposal, for instance, suggests that only 10 corporations would have the chance to become "sponsors" of the parks. They would be barred from displaying their

logos within the parks but could plug their support for the parks in their advertising campaigns. The pay-off for the companies would be public goodwill for their show of generous altruism.

Critics believe the plan would be the thin end of the wedge, however. Pointing to the corporate overload currently on display at the centennial Olympic Games in Atlanta, where Coca Cola and Visa are vying with the athletes for the world's attention, they envisage such horrors as "Old Faithful,

brought to you by the battery that just keeps on going", or "The Disney Grand Canyon".

"It would certainly help," says Mr Striker of the sponsorship plan, before adding: "But you don't want McDonalds emblazoned on the horizon".

Jeff Dean, another disgruntled visitor at the Norris area, goes further: "Old Faithful is brought to us by nature, it is not brought to us by some company."

Another concern is that while corporations might be happy to

bankroll the most famous of the parks, they would have no interest in maintaining the less visited ones.

All told, the parks say they face a combined cash shortfall of \$4bn if all urgent maintenance projects are undertaken. The Grand Canyon National Park has already formally declared itself bankrupt while the Timpanogos Cave National Monument in Utah has said it will turn away up to 10,000 visitors this year because it has no rangers to guide them. Some in

Congress, meanwhile, are debating a third bill to begin the process of stripping the national park designation from some parks which are considered least worthy.

There is one other possible scenario for salvation: a return of Democrat majorities in the Congress and some moderation of Washington's current budget-cutting frenzy. Failing that, there may be still more engraving to be done on Yellowstone's north arch: the addition of a smiling Mickey Mouse.

Kenyans desperate to see a vanishing species on safari

DAVID ORR
Nairobi

With the approach of the holiday season in East Africa, tourism operators in Kenya are anxiously wondering if the country can regain the lion's share of this lucrative market.

Once king of the safari scene, Kenya has been toppled from its plinth. Last year the number of tourists fell by an alarming 20 per cent, from 863,000 to 690,000. Earnings from tourism, the country's main source of foreign exchange, fell by 11 per cent.

In recent years, visitors wishing to view the "Big Five" - elephants, lions, rhinos, buffaloes and leopards - have increasingly turned their sights southwards.

With South Africa and Zimbabwe now drawing a greater number of holidaymakers, Kenya has only just managed to retain its place among the continent's "Big Five" tourist destinations. Ahead of it, in order, lie South Africa, Tunisia, Morocco and Zimbabwe.

The Kenyan government has

become so concerned about the falling number of tourists that President Daniel arap Moi recently appointed a new organisation, the Kenya Tourist Board, to re-establish the country as a prime destination. At its head is a former British Airways executive, Brian Davies, the managing director of the national airline, Kenya Airways.

"An air of crisis has developed," Mr Davies admits. "But the situation is far from hopeless. Kenya is the best-known wildlife destination in the world. The wildlife in this country is unique. What is needed is massive promotion of Kenya's assets. If we can launch a satisfactory promotion campaign, we could start to see its impact by next year."

Britain accounts for the largest percentage of visitors to Kenya. Hence the Tourist Board's decision to focus its attentions on the World Travel Market, the leading tourism trade fair held in London towards the end of the year.

To sustain its promotion campaign, Mr Davies believes the

Board will need an annual budget of up to £10m per annum. A request for "start-up" funding has been made to the European Union.

Like many other developing countries around the world, Kenya has been faced with the dilemma of whether to promote itself as an exclusive, or a package, destination. The government until recently pursued a goal of "One Million Tourists by the Year 2000." But this year, following the example of neighbouring Tanzania, which wants to keep its annual quota at half a million arrivals, the authorities have started talking of more limited, eco-tourism.

"Mass tourism lowers the image of the country and destroys the environment," Mr Davies says. "We should go up-market. The quantity of tourists is not so important, it's more about how much people spend."

Many tour operators believe the industry's problems have been caused by a failure to diversify. While clients have become more sophisticated, the

product - a few days at a game lodge followed by a trip to the coast - has remained the same. The safari cliché of a lion surrounded by 10 minibuses is all too real in the Maasai Mara and Amboseli game parks. Yet tour operators visit only seven of the 59 parks and reserves.

The Kenyan government blames bad publicity in the media. It says the coverage of Kenya's rising crime rate has been sensational and misleading.

"Kenya has been battered in the press," a spokesman for the Ministry of Tourism and Wildlife says. "A lot of scaring reports about mugging and crime have been put out. We feel there's been unfair reporting about the country."

According to one tour operator, the murder of Briton Julie Ward in the Maasai Mara eight years ago continues to cast a long shadow over tourism sales.

Kenya can, however, draw solace from its domination as "best tourist destination in Africa" in this year's *British Travel Trade Gazette* poll.



End of the road: Holidaymakers in search of big game are abandoning Kenya

Photograph: Carl Purcell/Colorific



IN THE SHORT TERM
THE NEW
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SIGNIFICANT SHORTS

A French priest at the centre of a row over the Holocaust has publicly withdrawn his support for the author of a book which suggested that the number of Jews who died could be substantially fewer than six million. Abbé Pierre, 83, a campaigner for the homeless who is much loved in France for his work with the poor, has been on retreat in an Italian monastery for the past six weeks. He shocked French and foreign opinion when he expressed support for the views of his historian friend and contemporary, Roger Garaudy, contained in his book *The founding myths of Israeli politics*. In his recantation, Abbé Pierre said: "I ask for the forgiveness of those I have hurt." Not entirely convincingly, he insisted he had taken his decision 'free from all pressure and because I wish the truth to emerge'. *Mary Dejevsky - Paris*

As Brussels grapples with the budgetary fall-out of mad-cow disease, Europe's cereal farmers, who absorb almost half the EU's £30bn annual farm budget, have been told they face sweeping cuts. The warning came when EU agriculture ministers met yesterday to consider proposals to scale down the entire European beef industry in the wake of the BSE crisis. Plans include wholesale slaughter of calves to try to avert the rise of a new beef mountain. As Europe enters the peak autumn production period, stockpiles of unwanted beef are heading for the 600,000-tonne mark and could grow to 1 million tonnes by mid-1997. Demand for beef in France and Germany is around 30 per cent below what it was before the crisis broke. *Katherine Butler - Brussels*

The former French prime minister and disappointed presidential candidate of one year ago, Edouard Balladur, reassembled members of his centre-right electoral team at his chalet in the alpine resort of Chamonix yesterday to discuss the formation of a new political grouping, the Association for Reform. The gathering flew in the face of attempts by President Jacques Chirac and his Prime Minister, Alain Juppé, to smooth over differences between the two camps in the run-up to the 1998 parliamentary elections. *Mary Dejevsky - Paris*

Zimbabwe said it will allow gay and lesbian organisations to take part in an international book fair, reversing last year's ban, which sparked world-wide condemnation. President Robert Mugabe branded homosexuals as "worse than dogs and pigs" and said they were entitled to no rights of any kind. *Reuter - Harare*

A swarm of twenty-five thousand bees that followed their queen to an airport near the Norwegian town of Trondheim took over a transformer used for an aircraft parking and service area. "No one dared go near the swarm. There were bees everywhere," an airline employee, Baard Oeyen, said. The Braathens SAFE airline surrendered to the bees, abandoning several aircraft. After about three hours, a beekeeper arrived to liberate the area. *AP - Oslo*

China's battle against corruption is making little progress but its "Strike Hard" crime crackdown has brought more than 162,000 arrests, including slave-traders and drug dealers, state media said. "The momentum of the phenomenon of spreading rampant corruption has not been contained," one of China's best-selling magazines said in an edition intended only for officials. *Reuter - Peking*

Vodka can no longer be sold near schools, child-care centres, health clinics or churches in the capital, it was decreed by the Mayor of Moscow. Areas around underground stations, railway stations, airports and military facilities also will be off-limits for sales. *AP - Moscow*

Dissident's release stirs hope for change in Brunei

STEPHEN VINES

Sultan Hassanal Bolkiah of Brunei, the richest man in the world, has completed his lavish 50th birthday celebrations by resuming his game of cat-and-mouse with Zaini Ahmad, 61, one of Brunei's best-known dissidents who was released from jail at the end of last week.

Western diplomats in Brunei see the release as a significant crack in the edifice of the absolute monarchy which rules this oil-rich enclave on Borneo. However, it was not accompanied by any other indication of relaxation in the sultan's fami-

ly's total domination of Brunei's economic and political life.

Mr Zaini's release serves as a timely reminder that Brunei is more than home to the man who lives in the world's largest palace, owns the Dorchester Hotel and a private fleet of Rolls Royce cars. It is also home to 300,000 people, most of whom enjoy a high standard of living, albeit without basic civil rights.

In 1962 Mr Zaini's Parti Rakyat Brunei swept to victory in the nation's first and only democratic elections. The present Sultan's father, Sultan Sir Omar Ali Saifuddin III, refused to accept the result, insisting

that no election could be allowed to undermine the power of the monarchy. The British, then running Brunei as a protectorate, had forced the Sultan into holding the election and were as surprised as he was at the victory of the party.

When it became clear that the victors were to be denied power, the party's supporters staged a revolt which was swiftly and brutally put down by British forces, mainly Gurkha troops.

Mr Zaini was among 2,000 or so people arrested. After serving 11 years in jail he escaped to Malaysia, only to be re-arrested on his return to Brunei.

After the insurrection, the Sultan was effectively deposed by his son, with British encouragement. It seems that Britain regarded the old Sultan as too stubborn, particularly in his refusal to join the then new Federation of Malaysia.

With an exquisite inability to judge Asian politics, the Foreign Office believed the Sultan's son would be more compliant. At first it looked as though they were right. But, as he grew into the job, he showed even greater determination than his father to be rid of British domination.

The formal British protectorate arrangement ended in

1984, but a number of British "advisers" remained in key government positions. British influence quickly waned as the former Crown Agents were stripped of the right to manage the Sultanate's funds.

There are no overt signs of political dissent in Brunei. A mild opposition party gave up the struggle in 1988. Mr Zaini has renounced opposition to the monarchy and expressed "sincere regret" for his role in the rebellion. The regime, however, has been showing signs of developing an ideology which justifies its rule. Official propaganda stresses

nationalism and Islam in conjunction with appeals for loyalty to the monarchy.

A national forum has recently been initiated to provide local leaders with a means of participating in the formulation of policy, but the doors of the legislature remain firmly shut. Although public participation in government is slight, Brunei allows local groups to voice their views, including the right to criticise government policy. It is done within well-understood limits but maintains some form of contact between the ruler and his subjects.

A hidden agenda in the world of the acronym

Richard Lloyd Parry on 'ARF' - meeting in China's shadow

Jakarta - International diplomacy has always been a minefield of baffling acronyms and, as the Cold War has given way to the new world order, so bureaucrats and heads of state have met the challenge with a new set of opaque abbreviations. In the old days, global security revolved on a transatlantic axis - the world of Nato and Comintern and the terrifying notion of MAD (Mutually Assured Destruction).

With the fall of the Soviet Union, the focus of global concern has moved east, to the realm of the CIS, Asean (Association of South-East Asian Nations), and Apec (Asia-Pacific Economic Cooperation). This week, hold your breath for yet another international acronym - ARF, the Asian Regional Forum.

The ARF, which convenes in Jakarta this morning, first met three years ago, but neither of its previous meetings has addressed such a wide range of tensions and preoccupations as those under consideration today. Ministers from 18 countries, plus the European Union, will be officially represented at today's meetings. The geographical, political and economic disparities between the delegates - from Russia and the

United States to Brunei and Laos - are enormous. At the formal ministerial meeting, plus the lower-level bilaterals, there will be discussion of virtually every issue of security in the world today.

While the Europeans are briefing their Asian counterparts on events in Bosnia, Japan, the US and South Korea will be in an anxious huddle about the future of North Korea. Malaysia and Canada will co-chair an inter-session meeting on peace-keeping operations. The Singaporeans and Americans will put forward proposals on international search-and-rescue operations. Russia will be sharing its thoughts on the Asian republics of Kazakhstan, Kyrgyzstan and Tajikistan.

And at the back of everyone's minds, casting a shadow over almost every discussion, will be the future of the region's pivotal military power: China.

Perhaps mercifully, the ARF has no formal agenda - in common with Apec and Asean, it adopts a free-and-easy approach to its deliberations, with anyone, in theory, free to bring up any subject they choose. Certain of the participants, particularly Singapore and Malaysia, take pride in painting this as a peculiarly "Asian attitude" in contrast with the rigid and confrontational style supposedly favoured by the West. But everyone knows that certain key subjects are going to crop up - and the group is likely to divide along polarised East-West lines.

The most obvious example is

Burma. The Rangoon junta will not be taking part in ARF but it was welcomed on Saturday as an observer member of Asean which held its annual meeting over the weekend. The non-Asian delegates in Jakarta, which include Australia, New Zealand and Canada, as well as the Americans and Europeans, have taken umbrage at this, particularly since last month when Leo Nichols, an honorary consul for several Scandinavian countries, died in Rangoon. Their anger was not soothed yesterday by an explanation given by the Burmese Foreign Minister, Ohn Gyaaw. Mr Nichols, he explained, had died after "eating something which was not compatible with his health".

Several other of ARF's Asian members have disturbing human rights records - notably China and the host, Indonesia, which this month marked the 20th anniversary of its savage annexation of East Timor. Despite encouragement from the Burmese democracy leader, Aung San Suu Kyi, the Europeans seem to be watering down their calls for an economic boycott of Burma. But there are already mutterings that the they are missing the point, and that the EU in ARF is an acronym too far.

■ Jakarta (AP) - Ohn Gyaaw confirmed that his military government keeps records on foreign journalists and denies them visas if their reports reflect badly on the regime. "If there is no goodwill, why should the government let them come and write bad things?" he said.



Flying high: The Malaysian flag flies by the Kuala Lumpur tower which opens today. The tower, at 431m (1,400ft), is the third tallest building in the world. Photograph: AP

Hundreds killed in Sri Lanka battle

Colombo (Reuter) - Tamil Tiger rebels claimed yesterday to have killed more than 1,200 Sri Lankan troops in the battle for a north-eastern army camp and said they had surrounded reinforcements sent to rescue the besieged garrison.

A statement from the Tigers said 241 rebels, including 68 women, had also died in the fight for the Mullaitivu army camp, regarded as the bloodiest battle in years.

An army official said the claim that government troops were surrounded was exaggerated. He estimated casualties at 300 killed and 200 wounded, and said more than 300 rebels had been killed.

Western diplomats said the latest upsurge of violence probably stemmed from the army's capture in April of the northern town of Jaffna, headquarters of the Tamil Tigers. The fighting has dashed government hopes that peace was at hand after the fall of Jaffna.

The main supply route to Jaffna is by sea, and western diplomats say that if Mullaitivu falls to the rebels, it could hit a vital link to Jaffna.

Reinforcements have been battling to reach the base since it was stormed by about 3,000 separatist guerrillas last week. The rebels sank a naval vessel with some 40 men aboard on Friday, and downed an air force helicopter on Saturday.

The latest attacks come a week before the 13th anniversary of the anti-Tamil riots that sparked the ethnic conflict in which the government says more than 50,000 people have died. State-run radio said the fighting had forced President Chandrika Kumaratunga to cut short a private visit to London.

The Tigers said their leader, Velupillai Prabhakaran, was personally supervising the assault on Mullaitivu, which it said was fully under rebel control. The army has denied this claim.

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AMOUNT INVESTED	INTEREST PAID	GROSS %	NET %	AMOUNT INVESTED	INTEREST PAID	GROSS %	NET %
\$9,000	Annually	7.00%	Tax-free	\$100,000 or more	Annually	4.60	3.68
				\$25,000-\$99,999	Annually	4.45	3.56
				\$10,000-\$24,999	Annually	4.25	3.40
				\$2,500-\$9,999	Annually	4.00	3.20
Maximum permitted under TESSA rules	Annually	6.50%	Tax-free	\$100,000 or more	Monthly	4.51**	3.60
\$1,000 or more	Annually	5.00%	Tax-free	\$25,000-\$99,999	Monthly	4.36**	3.49
				\$10,000-\$24,999	Monthly	4.17**	3.33
				\$2,500-\$9,999	Monthly	3.93**	3.14
\$100,000 or more	Annually	6.30	5.04	\$25,000 or more	Annually	2.50	2.00
\$25,000-\$99,999	Annually	5.90	4.72	\$10,000-\$24,999	Annually	2.00	1.60
\$10,000-\$24,999	Annually	5.50	4.40	\$1,000-\$9,999	Annually	1.00	0.80
\$100,000 or more	Monthly	6.12**	4.90	\$25,000 or more	Monthly	2.47**	1.98
\$25,000-\$99,999	Monthly	5.75**	4.60	\$10,000-\$24,999	Monthly	1.98**	1.59
\$10,000-\$24,999	Monthly	5.37**	4.29	\$2,500-\$9,999	Monthly	0.99**	0.79

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\$10,000-\$24,999	Annually	5.90	4.72	\$25,000-\$99,999	Annually	4.45	3.56
\$1,000-\$9,999	Annually	5.50	4.40	\$10,000-\$24,999	Annually	4.25	3.40
\$25,000 or more	Monthly	6.12**	4.90	\$2,500-\$9,999	Annually	4.00	3.20
\$10,000-\$24,999	Monthly	5.75**	4.60	\$100,000 or more	Monthly	4.51**	3.60
\$2,500-\$9,999	Monthly	5.37**	4.29	\$25,000-\$99,999	Monthly	4.36**	3.49
				\$10,000-\$24,999	Monthly	4.17**	3.33
				\$2,500-\$9,999	Monthly	3.93**	3.14
\$100,000 or more	Annually	5.76	4.61	\$25,000 or more	Annually	4.25	3.56
\$25,000-\$99,999	Annually	5.66	4.51	\$10,000-\$24,999	Annually	4.25	3.40
\$10,000-\$24,999	Annually	5.21	4.17	\$2,500-\$9,999	Annually	4.00	3.20
\$100,000 or more	Monthly	5.81**	4.49	\$100,000 or more	Monthly	4.36**	3.49
\$25,000-\$99,999	Monthly	5.32**	4.41	\$25,000-\$99,999	Monthly	4.17**	3.33
\$10,000-\$24,999	Monthly	5.09**	4.27	\$10,000-\$24,999	Monthly	3.93**	3.14
\$2,500-\$9,999	Monthly	4.89**	3.91				
\$10,000-\$24,999	Monthly	4.41**	3.63	\$100 or more	Annually	0.75	0.60

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EXCLUSIVE: Burundi's PM backtracks on pledge to let African peace force end the carnage

'Intervention will not stop the massacres but make it worse'

DAVID ORR
Bujumbura

International intervention in Burundi, seen by many observers as the last chance to prevent the country from sliding further into anarchy, will be opposed by the Prime Minister.

Antoine Nduwayo told the *Independent* in an exclusive interview yesterday that he now resolutely opposes plans for a multinational peace-keeping force in Burundi.

"Intervention from outside is not desirable," Mr Nduwayo said, before an emergency session of his cabinet in the capital, Bujumbura. "An intervention force could not prevent more massacres. In fact it could make the situation here much worse."

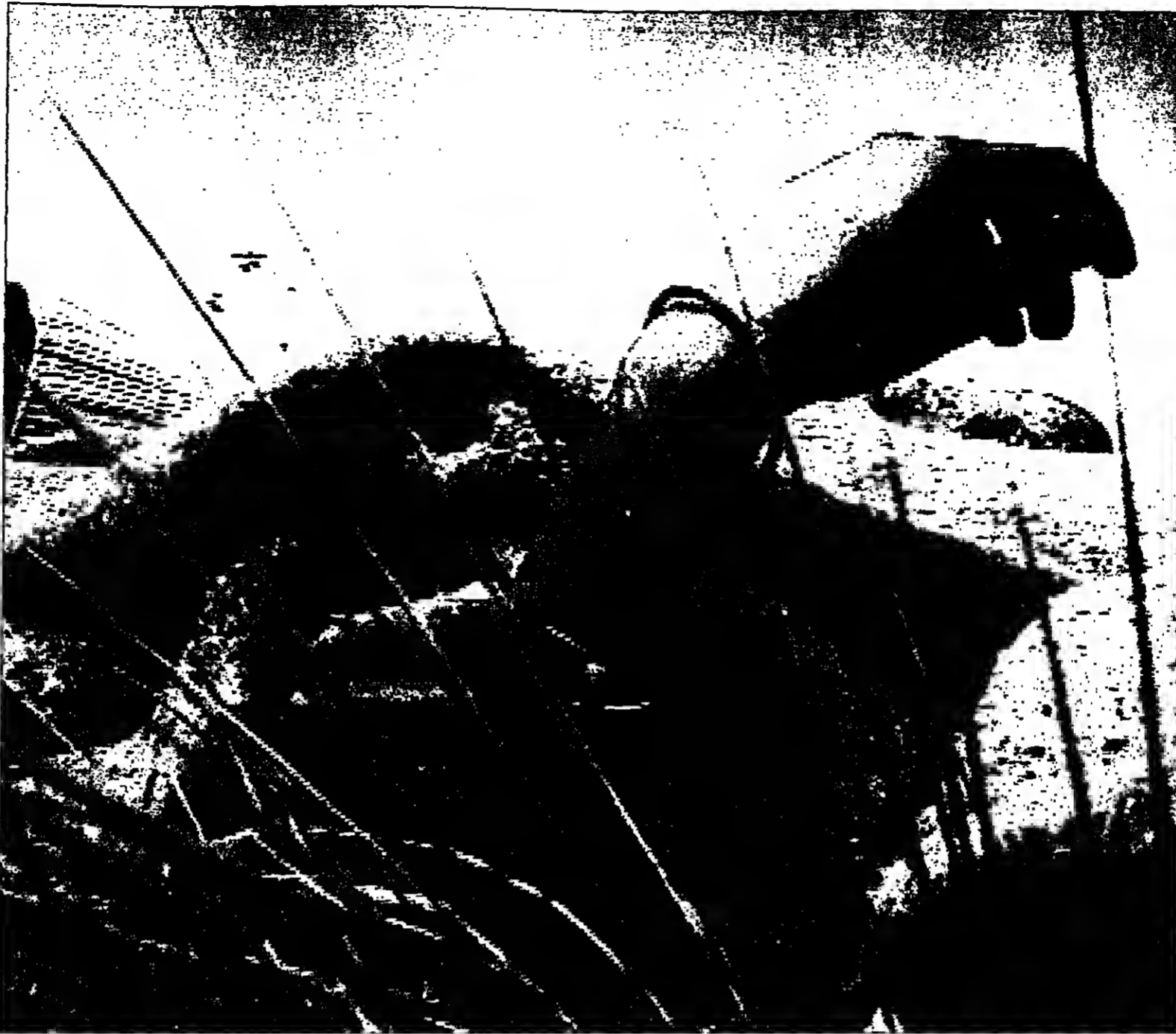
The Prime Minister's remarks mark a dramatic reversal. Only a month ago he agreed to an African peace-keeping force at a regional summit in Tanzania.

Mr Nduwayo said a peace-keeping force would not have prevented the massacre at the weekend of more than 300 members of the minority Tutsi community in central Burundi. His government would now provide greater security for encampments of displaced Tutsis, such as the one attacked at Bugendana on Saturday.

Today the Prime Minister, himself a Tutsi, will attend the mass burial of the massacre victims in the remote hills of central Burundi. Many believe the last hope of peace for the tiny African nation will disappear into the grave alongside the blood-soaked bodies.

The massacre at Bugendana is being blamed on extremists among the majority Hutu group. There are fears that the Tutsi-dominated army will exact a terrible revenge for the killings and that Burundi will descend into an irreversible cycle of violence similar to the one in neighbouring Rwanda two years ago.

Under pressure from the international community, Mr Nduwayo was persuaded to join President Sylvestre Ntibunganga, a Hutu, in agreeing that only outside assistance could save Burundi. Signing the intervention accord was seen as a significant breakthrough in bringing peace to Burundi. Under its terms, a force of Ugandan, Tanzanian and Ethiopian peace-keepers would have moved into Burundi as soon as deployment details were agreed by Burundi's



Left to rot: Flies settle on the arm of a victim of Bugendana. The body had been removed from the camp where the massacre took place. Photograph: AP

government, a fragile coalition of Hutu and Tutsi parties. There have been signs that the Prime Minister's resolve was beginning to falter in face of mounting pressure from the army and from the Tutsi community. On the streets of Bujumbura during the past week, thousands of Tutsi youths have been protesting against intervention. They fear it will neutralise the army and open the way for genocide by Hutu extremists. Yesterday borders

of youths brandishing sticks ran through the capital, chanting slogans against intervention. The massacre at Bugendana seems to have swept away any lingering doubts in the Prime Minister's mind about foreign assistance. Without his support the peace plan cannot succeed. Unless the other members of the National Security Council persuade Mr Nduwayo to change his mind, the intervention accord appears to be in tatters and Burundi is on its own.

The events at Bugendana have given rise to heightened emotions in Bujumbura and elsewhere, said Mr Nduwayo, who is under pressure from Tutsi hardliners to resign. "These could be exploited by the extremists. The militias will only become more active if there is an intervention force." As he spoke, more than 7,000 Rwandan Hutu refugees were fleeing northwards towards Rwanda, having been evicted from their camp in northern

Burundi by the authorities. By yesterday afternoon, about 5,500 refugees had crossed over the border into Rwanda and an unknown number was said to have taken to the hills. About 85,000 Rwandan Hutus have been living in Burundi since the war which ended the Rwandan genocide in 1994. They are seen as a source of instability by Burundi's government. It says it will now close all four camps in the north of the country. Rwandan Hutus

from refugee camps in neighbouring Zaire have been accused of organising the killings at Bugendana. The expulsion of the Hutu refugees and the massacre of Tutsis at Bugendana mark a new and frightening degree of polarisation between Burundi's two communities. With proposals for a peace-keeping force close to collapse, there is little to prevent an escalation of the conflict in which hundreds of civilians are dying each month.

Youth rampage in a city gripped by terror

Every morning hundreds, sometimes thousands, of Tutsi youths run through the streets of Burundi's capital, Bujumbura, chanting slogans. Dressed in running shorts and trackuits, they pound through the city, waving sticks and clubs.

"We're going to fight to the death and we're going to win," one group sang yesterday. "Let us fight. They provoked us."

The identity of "them" is not in doubt amongst those watching the demonstrators, members of the minority Tutsi community. "They" are the Hutu extremists who massacre Tutsis in the lush and fertile hills of this central African nation. "They" are the Hutu killers who slaughtered more than 300 inhabitants of a remote, mainly Tutsi settlement at Bugendana in central Burundi this weekend. "They" are the people the protesters believe will butcher every Tutsi, given half a chance.

Bujumbura's angry students insist peace-keepers will fuel genocide

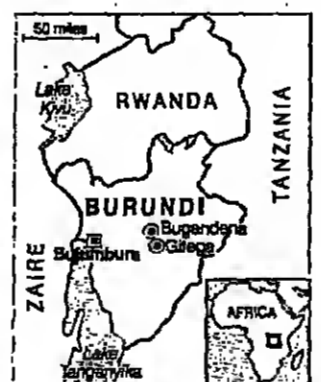
About 85 per cent of Burundi's 6 million people are Hutu but the Tutsi minority has traditionally held power and dominated the army. In Rwanda, where the ethnic mix is similar, Hutus slaughtered half a million Tutsis in 1994; the Tutsis struck back, sending hundreds of thousands of Hutus into exile, many to Burundi.

Burundi already has its own civil war. More than 150,000 have been killed in ethnic violence since the first democratically elected Hutu president was assassinated in 1993. But now, as the violence rapidly escalates, there are fears that Burundi, like Rwanda, will witness genocide. Bujumbura is now a Tutsi town, having been "cleansed" of almost all its

Hutu inhabitants by the Tutsi-dominated army last year. Amid much bloodshed, the Hutus were driven into the hills and into camps, such as the squalid Johnson Centre, on the outskirts of the city.

At least two Rwandan Hutu refugees died of suffocation yesterday after Burundi's army crammed them in container trucks and forced them back into their homeland, a UN official said. The deportations followed the Hutu massacre of Tutsis in central Burundi.

The youths in Bujumbura are protesting against the proposed intervention of African peace-keeping troops whose deployment in Burundi was agreed at a regional summit in Tanzania last month. The initiative, which the West and the Organisation of African Unity support, is seen by many as Burundi's only hope for peace.



But Tutsi youths see things differently. "Extremist Hutu elements could finish their genocidal mission under the cover of a regional force," says Oscar Nyanaw, a university student leader. "Foreign

intervention threatens Burundi's sovereignty. If the army hasn't got the manpower, it should call up all young people."

Equally opposed to foreign intervention are Hutu extremist groups, such as the CNDD and its rebel militia the FDD, which is being held responsible for the killings at Bugendana.

Hutu rebels, members of the former Rwandan army, overthrown by Tutsi insurgents in 1994, are spoiling for a showdown to settle the score. They have been infiltrating Rwanda and Burundi from the refugee camps in Zaire where they are based. Every month hundreds of Burundians are killed in ethnic fighting.

Some are murdered by Hutu extremists similar to those who descended on Bugendana. Others are killed by the largely Tutsi army whose "cleansing operations" against Hutu communities are often violent.

The students taking part in the demonstrations say their movement is apolitical. They say they only carry batons "pour s'encourager", to give themselves encouragement.

There are many, however, who believe the youths are organised by Tutsi extremists. Principal among these hard-liners is a former president, Jean-Baptiste Bagaza, who has been calling for strikes and civil disobedience to resist foreign intervention. The UN has repeatedly talked about bringing an international peace-keeping force to stop the bloodshed in Burundi.

But this year it became clear the West had lost its appetite for intervening in Africa. UN operations in Somali and Rwanda ended in failure and few world leaders want to ensnare themselves in Burundi's politics.

David Orr

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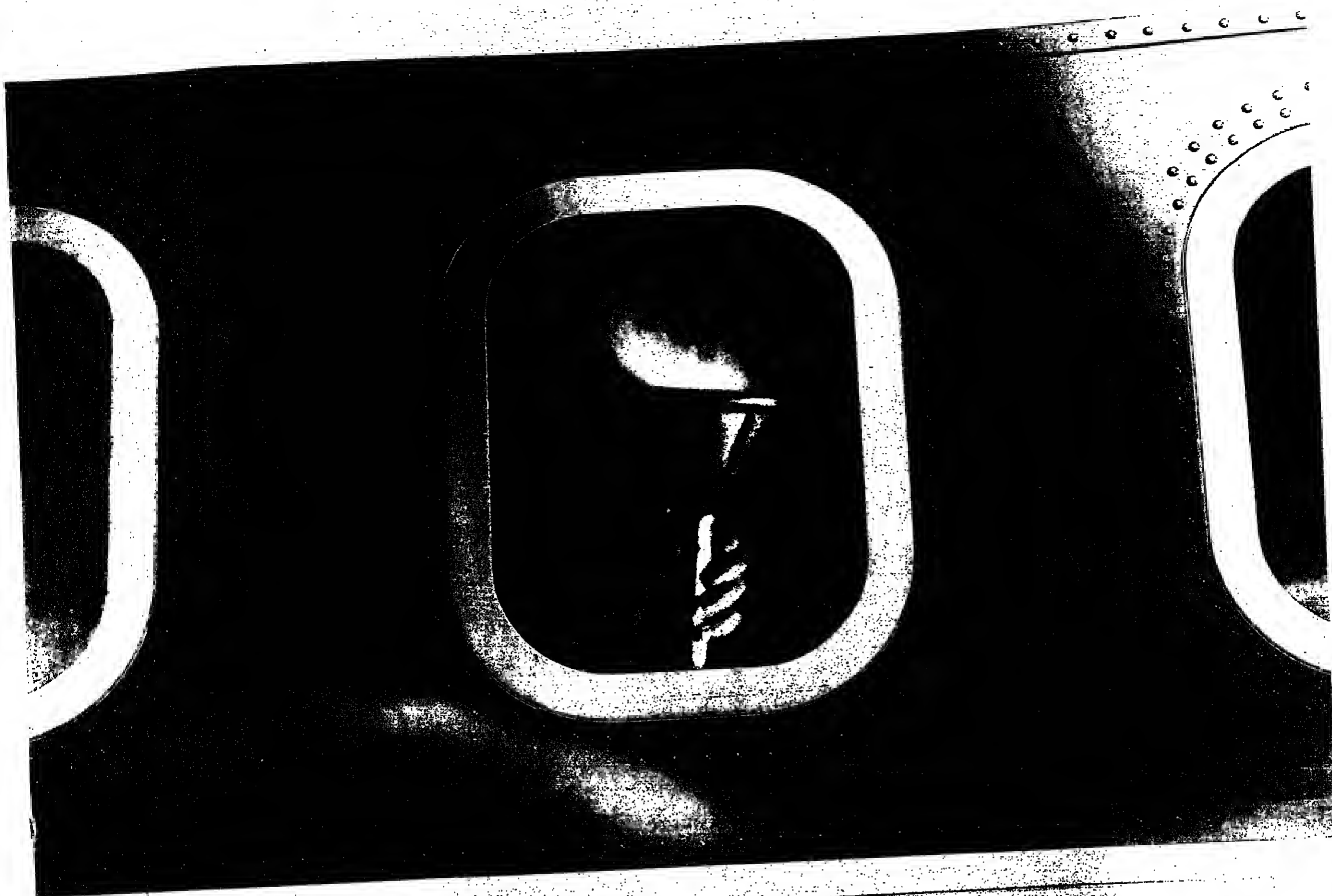
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In local democracy, one size does not fit all

As they moved around the towns and counties of England the Local Government Commission found something startling. It was so unwelcome it got Sir John Banham, the Commission chairman, sacked. It led Labour to deny the Commission and all its works. And what was that great, that controversial discovery? The Commission found, on the basis of an exhaustive set of polls, you could not impose some central pattern – such as “unitary” councils – because (wait for it) places are different. Some are loved, a few are loathed and some leave their inhabitants pretty indifferent. It is a message we need to have in the forefront of our minds in thinking about any plan for the future of our moribund local democracy – whether that plan comes from the district councils or from Tony Blair. It is especially relevant to an idea as attractive as directly elected executive mayors. Let us say it plain and say it loud: a single plan to suit all circumstances just won't work. Both government and opposition often seem locked in a mindset that seems to owe something to the Norman conquerors of the 11th century, and to Sidney and Beatrice Webb's passion for uniformity and, latterly, that peculiar Thatcherite intolerance of political and spending diversity. It's one that forbids experiments and untidiness. It dislikes hybridity. Yet variations around the theme, some successful, some fail-

ures, are precisely what we need. They are very British. Yet local differences have diminished. People's jobs, their mobility, their expectations of a standard education for their children and care for their elderly relatives has led to more uniformity. But the places of England (Scotland and Wales answer to their own logics) remain different enough. No single template can provide effective services; no one model for town hall organisation can possibly fit the variety of local circumstances. The correct response to anyone, who comes up with one formula for all – including elected mayors – is this. Will it fit both Northampton (where attachment to place is weak) and Rugby (where it is strong)? What might just about work in Birmingham, given its proud tradition of municipal activism, would not work in, say, Solihull, where it sometimes seems local identity is defined as not-Birmingham. What is needed therefore is what the centre is so reluctant to offer – space for towns and cities to come forward with their own suggestions. A wise council, wanting change, might even hold a referendum. (Councils already have extensive powers to conduct such tests of public opinion.) An expert body such as the Local Government or Audit Commissions could cast an eye over arrangements for elections and then ... let a thousand mayors bloom.

Provided mayors are what the people of X think X needs. Mayors are, of course, no panacea. Reorganising the workings of city hall does not solve any of the wider problems of central-local relations or the need to establish local finances on a more even keel. It is idle to look across the Atlantic or the Channel and extract one clement from those very different political cultures. Starry-eyed admirers of New York's dynamic Mayor Giuliani should remember the granddaddy of urban political manipulators, Mayor Richard Daley of Chicago – municipal projects come at a price. Most mayoral

systems will need to include within them some arrangement for a (non-executive) council to monitor and where necessary censure the mayor. What a central local figure or mayor offers is a golden opportunity for inserting local government into the modern world. In that world the media increasingly define significance. What attracts the media and what interests the public is personality. And personality is what, proverbially, local government lacks. Love or loathe him, Ken Livingstone made London government live – and it was not just a question of his milking the millions of rate revenue flowing

into the Greater London Council for his anti-abortion campaign. Mr Livingstone did not save the GLC but his performance must rank as a model of what could be. And who knows what might have happened to the administration of Lambeth had an aspiring young Conservative seen his future lie in becoming the mayor of that problem-ravaged hut potential-filled borough? Elected mayors would force the political parties to redefine what a political career looks like. Time and again we have seen that dreary move from Mr Big City into backbench obscurity. They move partly because of money, partly because fame is defined nationally. The money question is on the way to solution: the present government (to its credit) has relaxed controls and councils can now, subject to audit inspection, pay councillors what they choose. The fame question is the most teasing, but answering it tells us why elected mayors is an idea whose time has surely come. One of the most striking sections of that odd glance at the future produced by Treasury civil servants and published last week amid such controversy was its tentative suggestion that the governance of Britain could head down a different road – one involving the dispersal and sharing of political and administrative power, devolving decision making and spending. Down that road lies the revival of local executive government. Elected mayors are no

precondition of such a (welcome) development. But they are a sign and symbol of what local authorities could look like in a new age. To go any further and start specifying the form and nature of mayoralty would be to defeat the purpose of the exercise. Mayors can only ever possess authority if the power grows out of a local political context and reflects its idiosyncrasy. What the centre needs to do is get on of the way.

Students on trial

In households up and down the land young people are beginning the nailing season. Term has ended and cohorts of 16- and 18-year-olds wait for their exam results. It seems they have a friend in a high educational place. Secretary of State Gillian Shephard yesterday took their part against the foggy She had the political temerity to say if candidates deserve some credit for having, most of them, worked their socks off. Hear, hear. The agenda for reform in schools and colleges is wide but that does not excuse what we have so often heard from Tony Blair: if the results are good, exams are deemed to be easier. That won't do, said Mrs Shephard. Credit where credit is due. It belongs fairly with those young people now entering their time of trial.

LETTERS TO THE EDITOR

Dealing with the ugly truth of abortion

Sir: I'm a 32-year-old feminist anti-abortionist. There are many, many women like me, but we are mostly cowards. We don't speak out at dinner parties, or in the office, or at the toddler group, because who can say who we may be hurting? Most of my age group have been close to an abortion, in one way or another. Many of us are finding current grim revelations about the “partial birth” method of abortion painful (comment, 18 July).

There are times when otherwise civilised societies suffer from moral convulsions, when decent people fall prey to a shared moral blindness. In my lifetime, roughly the 30 years since David Steel's Abortion Act, an almost complete reversal of medical ethics has turned child killing into a minor procedure, and euphemisms like “termination” and “uterine contents” have protected us from the knowledge of what we are doing. We have declared that the unborn are not human, and the assertion has comforted us. But we know more now. Every woman who has gazed at the scan photograph of her unborn child knows more than her mother did. Should we be surprised that recent medical research “strongly suggests” that the foetus feels the pain of having his or her brains sucked out, of being vacuumed into small pieces? We've left it to doctors and nurses to deal with knowledge like that.

It is unjust to leave women and health professionals to deal with the ugly truth of abortion. We condoned and financed 184,000 such private tragedies last year when we paid our taxes. It is painful to read about foetal suffering, but we need to make a responsible, not a knee-jerk decision about the future. If every child must be a wanted child, what do we do with the unwanted? If we conclude that we must kill them, can medicine at least help us to do it humanely?

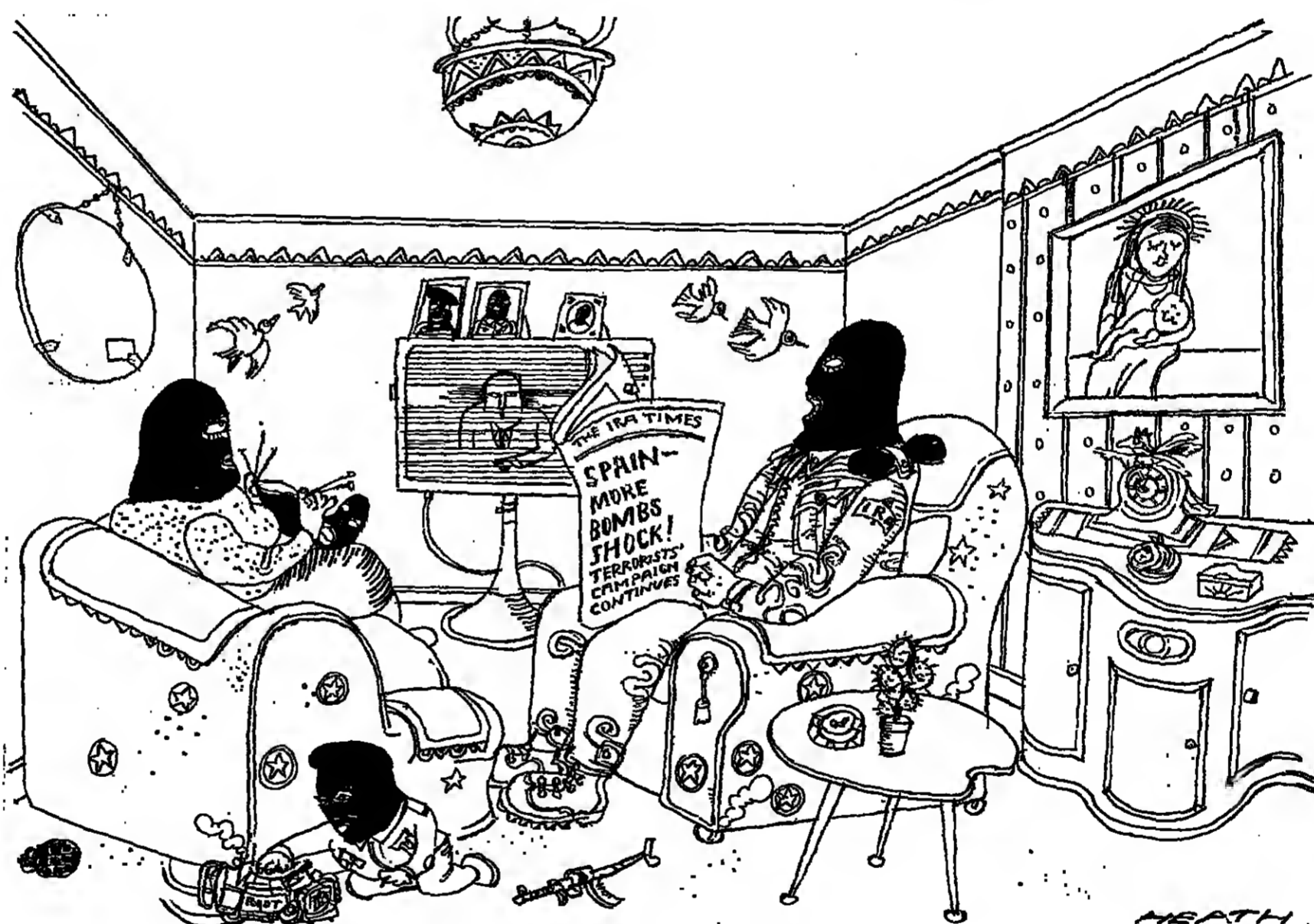
CRESSIDA EASTWELL
Bewdley, Worcestershire

Sir: To say women “choose” to have abortions for “social reasons” is to put sweet words to a much more bitter reality. Women are forced to have abortions for economic reasons. They can't afford the loss of essential earnings that having a child entails.

A viable family unit presently needs two adult incomes to be solvent; bringing up children requires more time than two parents going out to work full-time have available. To add to an already impossible situation, a good many male partners take themselves, and the major part of their incomes, away to a less stressful environment.

There will have to be many changes in society before women will be free to “choose” to have children once again. The most important, and one that hasn't been talked about since Eleanor Rathbone's pre-war fight for mothers and family allowances, is that women must be fully compensated for the enormous loss of earnings and hard emotional and physical work that rearing children entails.

Eleanor Rathbone was heeded, and a rudimentary child benefit was introduced, because society, then as now, was worried by a catastrophic fall in the birth rate. The post-war baby boom pushed the whole idea of “wages for mothers” off the political agenda, and since the 1960s Thomas Malthus's anti-human, nasty right-



'Well, at least we know where to go for our holidays'

wing ideas about population growth have prevailed, to such an extent that, at the end of the 20th century, we are beginning to see a decline in population, and the horrific prospect of the “greying” of Britain.

Society needs babies, lots of them every year, filling up the place with beauty, novelty and hope. But society must pay for them, not individual women.

EILEEN LAVIN
London NW2

Sir: Bryan Appleyard's characterisation of the partial birth abortion procedure is one of the nastier pieces of misinformation I've recently come across. Contrary to his assertion that the procedure is “routinely used in America”, the practice is actually so rare that only a handful are performed annually, and although the foetus's skull is indeed collapsed to allow its passage through the birth canal, the baby is first painlessly euthanised.

More crucial, however, and oddly absent from Mr Appleyard's rigorously moral tirade, is the fact that this late term procedure is only used in cases where the foetus is so severely handicapped – lacking a brain, for example – that it has no possibility of life. The agonising decision whether or not to carry such a tragically damaged foetus to term must belong to its parents and no one else: certainly not to the government.

Indeed, when the issue of partial birth abortion was brandished by conservative Republicans in Congress last year, it was a committed anti-abortionist mother who came forward to speak on behalf of the procedure, describe its humanity and publicly thank her doctors for their sensitivity to the loss of her much wanted child. Her

account should be heard by each and every MP eager to score easy political points by condemning what Appleyard blithely terms “horrific... butchery”.

JEAN HANF KORELITZ
Hopewell, New Jersey, USA

Do we live in a meritocracy?

Sir: Yvette Cooper (report, 18 July) seeks to undermine my argument by pointing to the privileged backgrounds of Cabinet Ministers and Law Lords, yet I state explicitly that “my focus is on the 99 per cent of jobs below the elite stratum rather than on the one per cent which constitute it.”

She claims that the test results of children at 11 are, “as every parent knows”, strongly influenced by parental encouragement and stimulation. But in the book I show that these test scores are by far the strongest predictor of job status later in life, even when we control for parental influences. I also show that, while parental encouragement can raise a child's motivation, it has little effect on ability test scores.

She dismisses my findings as “nonsense” because she thinks the middle-classes can still pass on their privileges to their children. Why, then, do 40 per cent of children born to middle class parents slide out of the middle class? The answer has more to do with ability and motivation than anything else.

Finally, she would have your readers believe that I argue that

“the class system has collapsed” and that “the playing field is level”. In fact, my book states quite clearly: “I do not claim that Britain is a perfect meritocracy. The various advantages and disadvantages associated with different social class origins do play some part in influencing people's occupational chances. The point is, however, that Britain is much more meritocratic than is generally believed.”

Professor PETER SAUNDERS
University of Sussex
Brighton

Sir: To describe the work of Professor Peter Saunders as deserving “serious attention” or “not quickly dismissed” or even “sophisticated” is somewhat beyond the pale.

The reality is that for a long time the IEA (which publishes his work) has placed itself beyond the fringes of serious debate in this country, peddling a minimal state and self-help agenda which makes Newt Gingrich look moderate.

For evidence that Professor Saunders and the IEA are wrong, we simply have to look around us. Since 1979 the poorest 10 per cent of the population have become 18 per cent worse off whilst the richest 10 per cent have become 58 per cent better off, the number of people on non-means-tested benefit has doubled and life expectancy is still considerably worsened by class. Meritocracy? I think not.

IAN CORFIELD
Research Director
Fabian Society
London SW1

Why we need Robin Cook

Sir: It is for others to judge the merits of Steve Crawshaw's opinion of me (“Do we need Robin Cook?”, 22 July), but I do need to put right some of his alleged facts.

First, I am accused of confusing Nigeria with Niger. There was no such confusion. The decision on extending sanctions against Nigeria was before ECOFIN in the week of that broadcast, and I was right both in fact and in principle in calling on the Government to support the continuance of sanctions.

Second, I am accused of not understanding the importance of qualified majority voting (QMV) for Europe. This is hard to reconcile with Labour's published policy documents which set out at great length our detailed position on the case for widening the use of QMV in Europe. I freely admit, though, that I have repeatedly stressed that we will only restore public support for the European project if we lift the European debate above the details of institutional reform and focus it on issues of concern to the public, such as jobs, the environment, and peace.

Third, I am accused of opposing tough action against those responsible for prosecuting the war in Bosnia. Steve Crawshaw has obviously never listened to any of my many speeches on Bosnia, in which I repeatedly urged that the military defence of the safe havens should be made a reality, and in which I consistently demanded that

those responsible for atrocities should be brought before the War Crimes Tribunal.

Fourth, it is alleged that “friends of Mr Cook” believe that concerns over the future of the rule of law in Hong Kong are “bourgeois crap”. This is pure invention. Neither I nor any friend of mine believes any such thing. My own concerns about the future of legal and democratic rights in Hong Kong were set out recently and at length in the *Independent*.

Finally, I am set as a test of my principles whether I will support sanctions against Burma. It is a question that we have already answered unequivocally. Labour has already demanded that the Government votes in the European Union for sanctions against the brutal military regime in power in Burma, and would ourselves vote for sanctions if we represented Britain.

Mr Crawshaw's unprovoked assault and battery is all the more depressing as I am only too conscious that there is room for legitimate question about the nature of debate on foreign policy in Britain, and the responsibility for its faults of those of us who conduct it. For instance, try as I might, it is difficult to avoid the agenda being set by responses to crises rather than analysis of strategic trends. I personally am particularly concerned at the neglect of global environmental issues which ought to play a much larger role in international relations.

ROBIN COOK MP
(Livingston, Lab)
House of Commons
London SW1

The writer is Labour spokesman for foreign affairs

Labour's support for the arts

Sir: I have no idea whose opinions Andrew Marr has been canvassing, when he draws the conclusion (“Art lessons for New Labour”, 17 July) that “almost everyone involved in the arts has come away depressed at the lack of interest” shown by the Opposition. After 17 years in which the cultural and educational foundations of Britain have been handed over piecemeal to the marketplace, the prospect of a change of government is one of the few aspects of the next 12 months that is not depressing me.

New Labour has been meticulous and exhaustive in testing its ideas among my colleagues in the artistic world, and has shown a healthy awareness that audiences and communities, supported by a humane and undivisive education system, are the lodestar that should guide any cultural policy. This is scarcely surprising. It was the Labour Party that planned the Festival of Britain, founded the Open University, brought the talents of Jennie Lee and Lord Goodman into the leadership of arts provision and, despite the frequent tiffs between Harold Wilson and the media, presided over a golden age of British broadcasting in the Sixties and mid-Seventies.

It was a sympathetic Labour administration that allowed the Sadler's Wells Opera to grow into English National Opera and hundreds of thousands of opera-goers each year have reason to be thankful to a party that seems to believe that the greatest artistic creations are for everyone, regardless of their means or origins.

DENNIS MARKS
General Director
English National Opera
London WC2

Sir: It should be applauded that the Labour Party is the only political party ever to publish a policy statement on architecture and urban design, in 1992.

Since then Labour has consulted widely on its policy in a series of seminars, and is currently holding detailed meetings with architects, planners and others to discuss the guidelines which will help all departments of an incoming Labour government become good clients, commissioning well-designed public buildings and spaces and getting value for money by backing the great design talent in this country.

SIR RICHARD ROGERS
London W6

Sir: Certainly William Morris “wanted to integrate the city with the country”, as you state in “Art lessons for New Labour”, but his backwards-looking dream of a romantic medievalism coupled with the less useful part of the Arts and Crafts movement only gave us suburbia, those long miles of byways, and Tudorbethan ribbon developments throughout the 1920s and 1930s.

PATRICK HODGKINSON
Bath, Somerset

The gringo Nova

Sir: With respect to the discussions about the naming of the Nova car (report, 15 July; letters 16 and 20 July), they have the right name but the wrong car. The subject of the Urban Legend in question is the Chevrolet Nova. It was produced in the USA, and the target of the unfortunate Spanish marketing campaign was Mexico.

SIMON REAP
Market Bosworth, Leicestershire

Beware:
verbs that
can do
you harm

essay

From total war to local war: it's a revolution

For centuries we prepared to wage all-out conflict. The rule was, don't interfere in civil wars. But now we do little else. Christopher Bellamy examines the new military world order

The breakdown of the ceasefire in Ireland. The slow but, so far, encouraging progress of peace in Bosnia. The spectre of another Rwanda-type disaster in Burundi, and of the international community trying to intervene to stop it. Three apparently unrelated events, yet each forms part of an astonishingly complex revolution in our thinking about war and peace for at least 200 years, and in some ways for 250 years.

After the Cold War confrontation, with its potential for a war more "absolute" in its destructiveness than any that had preceded it, we have returned to a situation that in some ways resembles the later colonial period, and in others the 18th century. However, the growing role of the media in shaping international public opinion and the presence of an international authority to oversee the rule of law between states – the United Nations – has made a difference.

The clear distinction between "war" and "peace" – a product of nearly 200 years in which wars got bigger and involved more and more of society – has been blurred again, as we contemplate continuous engagement in other peoples' wars.

In the early 19th century, Karl von Clausewitz, the military strategist, wrote that his era was seeing the end of "cabinet wars", 18th-century wars fought by small, professional, mercenary armies for limited objectives. "War was handed back to the [mass of the] people from whom it had been taken away, in part, by the use of select, standing armies."

Now it has been taken away again, as we fight highly political wars for precise objectives. Even the countries that have the longest traditions of mass conscript armies – France and Russia – have recently returned, or shown signs of returning, to an 18th-century model with small

professional armies to fight small, professional wars.

The idea that we should intervene in other people's wars – civil wars – to enforce international standards of behaviour takes us back even further. Back beyond 1648, when the delegates at the Peace of Westphalia ended the terrible international and religious Thirty Years' War, which had raged across the whole of Europe. They then agreed a principle which lasted almost 350 years – that what happens within a nation state is that state's business and nobody else's. Diplomacy, war and peace were conducted on that principle. There were civil wars, but "real" wars took place between nations.

No longer. The latest yearbook from the Stockholm International Peace Research Institute confirms that the

a year, half the army at least is called into action for real. We are clearly not at peace, either. As this newspaper suggested last month, we may be seeing the end of "war" and "peace".

We are certainly living through the biggest revolution in strategic thought since at least the time of Karl von Clausewitz (1780-1831).

Most educated people have heard of Clausewitz, but few have read him. His picture comes as a surprise: a sensitive, youthful face, like the writer and philosopher he was, beneath a slightly eccentric, romantic explosion of curly hair.

This was the man whom Basil Liddell Hart, one of Britain's leading military theorists this century, described, wrongly, as "the Mahdi of mass and mutual massacre". Nothing could be further from the truth.

Christopher Bellamy reporting from Grozny, January 1995

Photograph: Greg Williams/Rex



30-odd "major armed conflicts" under way last year were all internal, civil wars. Yet the armed forces of Britain and France, to name only two major powers, have never been busier.

The implications are profoundly uncomfortable. In the end, we may have to ditch some of our most cherished preconceptions.

We are not now at war. We were not at "war" in the Falklands, either, nor were we at "war" in the Gulf. Yet now we have 18,500 British soldiers in Northern Ireland and 11,000 in Bosnia – a quarter of Britain's "peacetime" army on active service. There are another 30,000 ready to take over every six months, so in the course of

In the horrors he witnessed during the Napoleonic wars, Clausewitz saw warfare slipping from the leash of political restraints, striving to follow its own logic and threatening to pervert the political objectives for which it was waged.

Clausewitz, who insisted war must remain a tool of politics, was issuing a warning. But subsequent generations blamed him for the slide into "total war" that followed. It was not only a question of 19th-century developments in technology, but of social organisation, as states were able to impose their will on the populace to a greater extent.

"Total war" was waged by the Union at the end of the Amer-

ican Civil War, and reached its full extent in the First and Second World wars. Every aspect of national life was directed towards the war effort. The political objectives for which the wars were started were forgotten as total victory became the only goal.

Then came nuclear weapons.

As Professor Richard Overy has argued, they made war more absolute – in the sense that it became possible to annihilate the human race. But they did not necessarily make it more total – in the sense of the First and Second World wars. Far from mobilising the entire resources of the nation to fight in various ways, most of the population, in planning for nuclear war, was written off.

Right through the 1980s, the two great military blocs prepared for Armageddon while realising that in such circumstances, war, as a tool of any rational politics, made no sense. Then came the end of the Cold War, in 1989, and the break-up of the Communist empires, coinciding with the Gulf war.

The result has been utterly dramatic. Like the revolutions in science analysed by Thomas Kuhn, revolutions in warfare embody all the characteristics of paradigm shift.

A paradigm, Kuhn explained, is a whole package of assumptions, procedures and practices that together make up the way the scientific community – in this case, strategists – go about their business. Many of the changes have been around for a while. But suddenly they all coalesce, and there is a revolution. They are often associated with one individual: Copernicus in astronomy, Newton and Einstein in physics, for example.

But in fact they embody many ideas that have been circling on the sidelines for years.

So with our new paradigm. In the shadow of total war, smaller, though often still significant, wars continued, partly because full-scale conflict between the nuclear-armed powers was too dangerous, and partly because the vast investment necessary to prepare for full-scale nuclear war left nations vulnerable to alternative approaches.

Seventies theories of guerrilla warfare, and what used to be called "low-intensity operations", all have some relevance to the new world order. But so too do the sophisticated military technologies and tactics developed for the Third World War. Many of them, including the US Air Land Battle doctrine and precision-guided munitions – proved ideal for smaller wars where avoiding casualties – your own and the enemy's – was crucial. The 1991 Gulf war and the operations against the Bosnian Serbs in summer 1995 are the prime examples.



Out of the nightmare: Karl von Clausewitz, who first described the idea of total war, which culminated in the prospect of nuclear apocalypse, and a British soldier carrying out a present-day mission – taking religious artefacts for safekeeping

But alongside all this, which pointed to a return to small, professional, highly disciplined 18th-century armies, manoeuvring with precision and often using in support of civil authority, our new paradigm has another element. As the UN Secretary-General, Boutros Boutros-Ghali, wrote in 1992: "The centuries-old doctrine of absolute and exclusive sovereignty no longer stands, and was never so absolute as it was conceived to be in theory."

The previous year, just after the decision to intervene to help the Iraqi Kurds, against the will of the Iraqi govern-

ment, not in defence of any vital western interest, as the recapture of Kuwait had been, but in defence of the oppressed.

This phenomenon is perhaps the most extraordinary part of the paradigm. Strategic thinkers now recognise we no longer just fight "wars of necessity" – wars where our immediate vital national interests are affected. We fight "wars of choice" including, in some cases "wars of conscience".

These wars of conscience are clearly driven by moral outrage, often fanned by the media. But they are also a result of changes in the inter-

national scene. We live in a global society. Many would argue that there is no direct British national interest involved in Bosnia, never mind the more distant mountain forests of Rwanda and Burundi. But if you belong to a global society, and have a seal at the top table of the world governing body, you cannot separate your vital interests from your responsibilities to the world community. That appears to be the attitude of the present Conservative government, and also of a future Labour government. You do

what you do well. You punch above your weight. The change in attitude can be plotted fairly precisely, to just after the Gulf war. The operation to protect and feed the Kurdish refugees in Iraq in April 1991 was the first example of an international military operation of this type, apart from the Congo in 1960-64. A UN force under the command of the UN Secretary-General, complete with its own air force, was initially committed to a peace-keeping task, which later switched to "peace enforcement". It was a unique, remarkable foretaste of what was to follow three decades later. However, all the new-style interventions in other peoples' wars have taken place in what are called "weak" or "failed" states. The international community was prepared to intervene in Iraq, broken by the Gulf war. It was prepared to intervene in Bosnia after the Bosnian government proved incapable of withstanding attack by the rebel Serbs. The international community is still not ready to intervene in big, powerful well-organised states. Northern Ireland is one example. Chechnya is another. The slaughter and atrocities in Chechnya and the media coverage they received – would have initiated massive intervention had they not taken place in Russia. When the nuclear-armed superpower

lashed out with its steel-shod paw, there was much muttering. But this was not a puppy to be scolded. This was a bear. They left him alone.

Half a century after the UN Charter was written, it remains unchanged. It was written in the aftermath of the Second World War, when the "United Nations" were, in fact, the victorious powers. It concentrates overwhelmingly on international peace and security. It contains nothing about traditional peace-keeping – the UN's most successful, if accidental, stock-in-trade. And certainly nothing about the whole new spectrum of intervention operations that has opened up between traditional peace-keeping and war. When the UN was created, many envisaged it would have its own armed forces, able to intervene swiftly, untrammelled by national interests and domestic political concerns. Instead, it trawls around for forces, which usually arrive, as in Bosnia and Rwanda, too late. The same may happen in Burundi. The end of "war" and "peace" is a global issue, and requires a global response.

Christopher Bellamy is defence correspondent of the Independent, and has reported from the Gulf war, Bosnia and Chechnya. His new book, *Knights in White Armour – the New Art of War and Peace*, is published on Thursday by Hutchinson, £17.99.

We are not, however, ready to intervene in big, well organised states

ments, Xavier Perez de Cuellar wrote something similar. "We are witnessing what is probably an irresistible shift in public attitudes towards the belief that the defence of the oppressed in the name of morality should prevail over frontiers and legal documents."

This was not merely pre-Clausewitz. This was going back before the Peace of Westphalia, to an era when wars were fought on grounds of international morality and theology. Some 20,000 troops were moving into northern Iraq without the consent of the Iraqi gov-

national scene. We live in a global society. Many would argue that there is no direct British national interest involved in Bosnia, never mind the more distant mountain forests of Rwanda and Burundi. But if you belong to a global society, and have a seal at the top table of the world governing body, you cannot separate your vital interests from your responsibilities to the world community. That appears to be the attitude of the present Conservative government, and also of a future Labour government. You do

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No sack race? What's Olympic about that?

So far I have avoided all sight of the Olympic Games, except for an accidental glimpse of a Bulgarian girl standing upside down on a piece of wood, but yesterday I did hear a report on Radio 4 that the athletes themselves are unhappy at the arrangements in Atlanta, as the organisation and transport situation is said to be catastrophic.

By coincidence I went to my son's village school sports day yesterday and the contrast was tremendous. Everyone had fun, everything started on schedule, and everything was over before lunchtime. Yes, the Olympic Games could learn a lot from Westwood School.

For a start, it was compact. It started at 9.30am and was all over by 11.30am. During that time more than 40 events had been run, ranging in complexity from the bean-bag race to the mothers' egg and spoon race. This involved a lot of

sophisticated apparatus – getting the right number of bean bags on the course, or clearing the track of hoops after the hoop race takes some organising, yet it all went like clockwork. And if there were any technical hitches, the organisers of the games themselves, or what is technically called the headmistress, was there to tell "Angela! Take that toddler off the track, would you?" I bet they don't have a bandstand on head of the organisation like that in Atlanta.

And there was a great spirit of fairness abroad. It was not only the winner who got the cheers, it was the losers as well. In fact, in some races, the person who came last had more cheers than the winner. Indeed, I noticed that the people who came just last were not cheered half as much as those who came a long way last and were in danger of being overtaken by the leaders of the next race.

The only thing that the



Miles Kington

school sports day did have in common with Atlanta, perhaps, was media coverage. I may have been the only parent there who did not have a video camera to hand. Technology has clearly affected the games in other ways as I noticed that none of the egg and spoon races were egg and spoon at all: they were golf ball and spoon.

I also noticed that anyone who dropped their golf ball in the egg and spoon race had to pick it up again using only the spoon, not their other hand.

although one or two competitors did kick their golf ball a considerable distance before picking it up again, which is not entirely in the spirit of school sports.

On the other hand, I noticed that most competitors in the hurdle relay, if they knocked a hurdle off, turned round and went back and put the hurdle back on again before going on with the race. This was not part of the rules. It was simply an instinct for tidiness and order instilled in them by the school, and even if it tended to cost them the race, I think it shows the right attitude. Would not the Olympic hurdles races be improved if those runners who knocked their hurdles over had to go back and stand them up again instead of leaving a trail of havoc behind? I think so.

One other point of technique is worth mentioning. I noticed that nobody had quite decided which was the best

way to get into their sack when the whistle blew for the start – whether to stand and pull one leg in after the other, or sit and put the sack over both legs, then try to get up. Of course, you won't learn anything about this from the Olympic Games, because they don't have sack races at the Olympic Games, only really silly events like the women's 10-metre air pistol shooting and softball and synchronised swimming....

No, if it comes to a choice between Westwood School Sports Day and the Olympics, give me Westwood any day. No drugs, no tears, no commentators muttering, "She'll have to do better than this on the parallel bars if she is to stay in contention," no pretence that baseball is an international game or that Andre Agassi is an amateur, no false starts to any race, organisation like clockwork, prizes for everyone and no sign of a national anthem anywhere.

The dangerous 'remedies': National Poisons Unit experts want Chinese specimens to be gathered and catalogued

Beware: herbs that can do you harm

ROGER DOBSON
and LIZ HUNT

A national collection of Chinese herbs should be set up at Kew gardens to reduce the incidence of poisoning from traditional remedies, according to a group of senior doctors.

More than 100 cases of poisoning linked to the use of Chinese and other traditional remedies will be listed in a new report which follows a two-year investigation by doctors into the increasing use of "natural" drugs in the UK.

There is mounting concern about the lack of control over imported raw Chinese herbs used to make up such remedies here. There is also concern about the content of pre-packed formulations. Some herbs are badly contaminated with heavy metals and other toxins while others have been wrongly labelled and sold on as a particular herb when they may be something quite different.

Serious liver damage is among the side-effects that have been blamed on the use of toxic alternative medicines and there has been at least one death in the UK. Thirteen cases of serious digestive upset were also reported last year and leading medical journals regularly print letters from doctors with patients who have suffered alarming side-effects from various remedies.

The proposed herbarium at Kew, which would cost around £500,000 and house at least 500 types of herb, would be the first of its kind outside China, and it is estimated that it would be self-financing after four years.

Alternative remedies have been studied by the National Poisons Unit at Guy's Hospital, London, and a report on the

findings will be published shortly by the Ministry of Agriculture, Fisheries and Food.

"We feel very strongly that there is an urgent need to set up the collection because we are getting so many complications and poisonings," Dr Virginia Murray, consultant toxicologist who heads the traditional-remedies project at the unit, said. "Some of these herbs are quite frightening and there have been terrible cases of liver damage."

Ken Lloyd, president of the Register of Chinese Herbal Practitioners, and a clinical practitioner and lecturer in the subject, welcomed the call for a national herbarium. "The first rule for any practitioner, Chinese herbalist or conventional doctor is 'do no harm'," he said. "Patient safety is our number one concern and we will support anything that encourages a responsible attitude."

The report is expected to recommend increased monitoring of the booming market in alternative remedies, now worth millions of pounds. A number of universities have been setting up degree courses in the subject; Westminster advertises a BSc in traditional Chinese medicine.

There have recently been calls for a registration scheme for practitioners. Doctors were warned last week in the *British Medical Journal* about the possibility that a herbal product containing an adulterant herb which can damage the central nervous system had been imported.

Dr Murray said: "There is an urgent need for proper and continuing surveillance. The effects we have found range from minor to significant poisoning and even death."



Taste of the Orient: More than 100 cases of poisoning linked to the use of Chinese and other traditional remedies will be listed in a new report

Photograph: Keith Dobney

Medicinal cowboys who cash in and put lives at risk

LIZ HUNT
Health Editor

More than one billion people, a quarter of the world's population, rely on traditional Chinese medicines, derived from herbs and other natural products, to treat major and minor ailments.

The efficacy of these herbal remedies, when used appropriately by a skilled practitioner, is not in doubt. Even the most sceptical of orthodox doctors recognise that 4,000 years of experience and a vast store of clinical data is difficult to argue with. Traditional Chinese medicine (TCM) has had

success in treating the symptoms of many illnesses, from multiple sclerosis to infertility.

Carol Newall, pharmacist and author of *Herbal Medicine*, a guide for healthcare practitioners, says the tradition has "a huge amount" to offer Western medical practice - but safeguards are necessary. "In China there are cultural safeguards built into the system," she said.

In Britain, the interest in Chinese herbal medicines can be linked to the publicity surrounding the skill of Dr Ding Hui Luo, a practitioner in Chinatown, in Soho, London, who has been selling her acclaimed remedy for eczema for almost

15 years. Some skin specialists refer patients to her, and her remedy will soon be available as a pill, developed by a "herbaceuticals" manufacturer.

But practitioners of TCM acknowledge that the explosive growth of interest in TCM here and throughout Europe has generated problems.

The TCM market has become extremely lucrative, and cowboy practitioners and irresponsible importers can put at risk the health - even the lives - of consumers. Side-effects due to toxic ingredients or contaminants in Chinese remedies, which prompted the investigation by the Ministry of Agriculture and the National Poisons Unit, are not uncommon.

In addition, the raw herbs may have been exposed to pesticides, heavy metals and other contaminants. Imported, pre-packaged Chinese medicines have also been found to contain traces of conventional drugs, such as steroids, but there is no indication of this on the label.

Every major town and city in Britain now has at least one TCM clinic, surgery or shop. The demand for gentler alternatives to synthetic drugs is phenomenal but the fact that a remedy is derived from herbs does not mean it is safer. In fact, many of the most powerful

drugs prescribed by doctors originate from plants, such as the heart drug digoxin which comes from foxgloves.

Ken Lloyd, president of the Register of Chinese Herbal Medicine, said there are 120 practitioners on the voluntary register who have satisfied a minimum requirement of training. This includes two years of training in Western anatomy, physiology, and pathology; three years of diagnosis; and two years of the philosophy and practice of Chinese herbal medicine with a study visit to China or Vietnam if possible.

However, the number of practitioners on the register

represents only a quarter of the total number of practitioners, some of whom may have had only the most basic of training or even no training at all.

"People should be warned that if a practitioner spends only five minutes with a patient before selling them something then they are probably not getting the standard of treatment they should," Mr Lloyd said. "An experienced practitioner would not prescribe anything without taking a full history."

Mr Lloyd is also spearheading a campaign to persuade importers to introduce quality control tests on herbs they sell on to practitioners.

The Chinese herbalists' top ten remedies for common complaints

The herbs most commonly used in Chinese medicine:

Bo He (Chinese mint) - cold and sore throat or sore eyes.

Sheng Jiang (common ginger) - nausea, indigestion. Classified as "warm" - do not use in cases of fever.

Dang Gui (angelica root) - period pains; poor circulation. Also classified as "warm".

Ching Pi (newly-dried peel of mandarin orange) - abdominal pain.

Chen Pi (matured dried peel of mandarin) - abdominal distension, irritable bowel, phlegm on the chest. Known as "warming" and "drying". Not to be used for dry cough or fever.

Gou Qi Zi (bright red berries) - failing eyesight, dryness of the eye. Not to be used if patient has indigestion.

Yi Zhi Ren (black cardamom) - diarrhoea.

Sha Ren (common cardamom) - morning sickness, indigestion.

Yi Yi Ren (Chinese barley) - cellulite; sluggish lymphatic system; carbuncles.

Ren Shen (Ginseng - "man root") - general tonic; especially digestive and lung disorders. "Warming" and "drying" - prolonged overuse can lead to lethargy.

Note: Herbs are almost always prescribed in combination. The Register of Chinese Herbal Medicine advises that in some cases the commonly prescribed remedies listed above may be unsuitable, and that herbal remedies should only be used after consultation with an accredited herbalist.

Ben Summers

Advertising industry's creative minds face questions of taste

MEG CARTER and
MATTHEW HORSMAN

Sensitivity to sex, violence and profanity in UK advertising is on the increase, but are advertisers themselves in tune with public taste? The Advertising Standards Authority aims to find out next week, when it asks 150 creative directors at a half-day seminar to judge whether 18 controversial advertisements would find acceptance with the general public.

Following the informal survey, which will be conducted using high-tech electronic voting devices, the directors will be given the results of definitive research, sponsored by the ASA, into public attitudes to sex and violence in campaigns.

The Authority expects to un-

cover a gulf between what the industry finds acceptable and what passes muster with the punter.

Many advertising executives are wary of the exercise, however. Some complain that the ASA is too prudish, and should take greater account of where and when adverts run - for instance in a magazine for young adults, or on a bus shelter.

"Why should the same standards apply for a poster campaign as for adverts in *Loaded*?" asked one industry executive.

Another added: "It's alright to be 'boys behaving badly', as long as the advertising reflects the culture."

But not everyone believes the industry is getting it right. Peter York, the style commentator, said: "The new *Loaded*

lad speak advertising reduces refinement and daintiness in public life."

Concern over overt sexual images and innuendo in particular has been fuelled by recent controversial campaigns, not least the Ultrabra advert, picturing a reclining, scantily clad woman, with the slogan, "Who says a woman can't get pleasure out of something soft?" The ASA passed that advert, saying that viewers were likely to believe the reference was to the "softness" of the bra in question.

The timing of the seminar is unsurprising. In the latest figures compiled by the ASA, the level of public complaints rose 33 per cent in 1995 to just over 12,800, and is running at about 25 per cent higher so far this

year. Chief targets for criticism were adverts for Club 18-30, which ran its notorious 'Beaver Espana' campaign on poster sites until it was banned by the ASA, and a whole range of adverts from Benetton, the Italian clothing company, which uses strong images of race and sexuality to shift sweaters.

The Club 18-30 campaign, created by Saatchi & Saatchi, also featured a close-up picture of a man's boxers, complete with evident bulge, with the slogan "package holiday". This was meant to attract women to the Club's holiday destinations.

Most recently, ads for Vauxhall, featuring "bondage" images of women and for Firkin beer ("You be Firkin legless") have created controversy at the ASA.

Gloves on and off in cricket libel trial

CLARE GARNER

The High Court is hardly the Oval, but a former England wicketkeeper yesterday took a trip down memory lane in the continuing cricket libel trial.

Bob Taylor was handed a new pair of wicket-keeping gloves by George Carman - representing Imran Khan - to illustrate exactly what he was doing in television footage from the 1982 Test match against India. "They may bring back memories for you," remarked Mr Carman, handing over the gloves. But

Charles Gray - representing Ian Botham and Allan Lamb, and a legendary adversary of Mr Carman - went one better. He whipped the originals out of his bag. Mr Taylor's old fashioned gloves had been retrieved from the Long Room at Lord's especially for the occasion.

"These will bring back even more memories," ceded Mr Carman as Mr Taylor slipped his hands into the very gloves he wore in 1982.

"Do you remember these gloves?" asked Mr Justice French. "Very well," replied

Mr. Taylor. "I probably wore these gloves when the incidents took place..."

Botham and Lamb, are suing Imran for libel over an "offensive personal attack" on them in the magazine *India Today* which called them racist, under-educated and lacking class and upbringing. Botham is also suing Imran over a story in the *Sun* which, he claims, accused him of ball-tampering.

Imran alleges that when Botham threw a new ball to Taylor in the 1982 Test against India at the Oval, it was a breach

of the laws of cricket. But Mr Taylor said there was nothing unusual in this, despite the fact that the BBC commentator Ted Dexter remarked that Taylor was giving the ball "a thorough going-over" and he had never seen the likes of it before.

In 23 years of playing Test and county cricket with and against Botham, Mr Taylor said he had never seen him tamper with the ball. As for himself, he illustrated what he had been doing back in 1982. "Is that it?" asked Mr Carman. "Tossing it from one glove to the other."

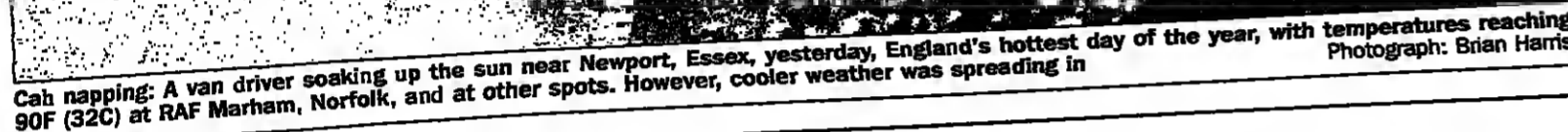
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port in London, said the situation was "scandalous" and said she would raise the number of daily rates in the Com-

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The remaining question was whether a relationship derived from the exercise of statutory powers and duties was excluded from the ambit of a *Hedley-Burne* principle. There were different categories of conduct to which the existence of a defendant's statutory enforcement duties might give rise, but in this case it had invited the imposition by Mr Evans, outwith the legislation, of detailed requirements enforced by threat of closure and close supervision.

In his Lordship's judgment, the existence of the defendant's statutory powers and duties afforded no reason why he should not be liable at common law for conduct by its servants of this type, which was otherwise well within the *Hedley-Burne* principle.

Paul Magrath, Barrister

Paul Magrath, Barrister

Costain brought back from the brink

Stormy meeting of shareholders agrees rescue plan by big majority

TOM STEVENSON
City Editor

Costain stepped back from the abyss of receivership yesterday after a stormy shareholders' meeting approved a planned rescue of the struggling construction and engineering group. An overwhelming majority of shareholders voted in favour as Raymond International, one of Costain's two biggest shareholders, overcame its reservations about the deal and gave the package its approval.

After the vote, the suspension on trading in Costain's shares was lifted and they jumped 10p to 45p in relief that the company had fended off the threat of receivership, before settling to close at 46p.

The extraordinary meeting to pass two resolutions relating to the financial restructuring proposals was described as "stormy and fractious" by shareholders who had been body-searched as they entered a heavily policed QEII conference centre in Westminster. Seeking to minimise bad publicity Costain banned non-shareholders, including the press, from attending the meeting.

From the outset, the meeting was characterised by ill-feeling and secrecy. A small group of anti-road protesters outside the hall was forcibly moved on by a police presence that far outnumbered them. Armed police were positioned on the roof of the centre and protesters were constantly recorded on video cameras.

Costain is involved in the

building of the controversial Newbury by-pass and the Cardiff Bay Barrage and is considered by campaigners to have a poor environmental record.

The meeting had been called to rubber-stamp a proposed rescue that will see Inria, a Malaysian construction company, underwrite a three-for-one rights issue to raise £73m and take up to a 40 per cent stake in Costain. Alan Lovell, Costain's chief executive who had faced calls in recent days to resign, said he was already discussing shared contracts with Inria.

The deal had been opposed by Costain's two largest shareholders, Kharafi, a Kuwaiti construction business, and Raymond International, from Saudi Arabia, both of which hold 19 per cent each of Costain's shares. The proposals could see their holdings slip to as little as 5 per cent.

To be approved, the rescue needed a simple majority of votes to be cast in favour. In the event, 76.5 per cent of an 83 per cent turnout were in favour of the package, which was presented by Costain's board as the only plan available for the company's survival.

Alan Lovell said: "We can look forward to continuing to develop our core engineering and construction businesses in the UK and around the world, in particular with our new and existing shareholders in the Middle and Far East, our two main overseas markets."

One shareholder who attended the meeting said Costain's directors attempted to



Hard hats on: Costain shareholders voiced their concerns both inside and outside yesterday's egm at the QEII Centre in central London

move straight to a vote on the rescue resolutions but were forced by heckling shareholders to field questions, mainly from private shareholders who were angry at the company's unwillingness to furnish them with adequate information to vote on the proposals.

Shareholders also questioned salaries being paid to Costain's directors despite the poor performance of the company since, in keeping with many of its industry peers, it was brought to its knees by the recession. "You are the most incompetent directors ever," a shareholder said. "Why are you lining your pockets with money when we haven't got a dividend?"

Mr Lovell was paid a basic salary of £180,000 in 1995, while Sir Christopher Benson, chairman, was paid £100,000. The company hasn't paid a dividend since 1992.

Kharafi last week argued for a reprieve of up to three months from Costain's bankers to enable counter-proposals to be drawn up. It said it would consider investing further in the

company. Yesterday, shareholders repeatedly called on a representative of the Kuwaiti group to put forward an alternative proposal. None was forthcoming.

Sir Christopher Benson reiterated the company's plea for shareholders to support the plan as the only viable alternative. "If you vote against it

there will not be a Costain and you will not be shareholders," he said.

Battered by poor investment in property and US mining assets in the late 1980s, and by the wafer-thin margins on its contracting work, Costain's shares have slumped more than 90 per cent since they peaked in 1987.

Comment, page 19

Subdued Germany likely to cut rates

DIANE COYLE
Economics Editor

The Bundesbank is expected to cut its key money market interest rate, perhaps as early as Thursday, after new figures showing inflation and growth in Germany remain subdued.

Prices charged at the factory gate fell by 0.2 per cent last month, while their year-on-year rate of decline picked up to 0.8 per cent. Cost of living figures due later this week are expected to show inflation running at just over 1 per cent.

The Economics Ministry said yesterday that Europe's biggest economy expanded by more in the second quarter of this year than it shrank in the first quarter. But a bounce in construction, laid low by bad weather in the first three months of the year, explained most of the apparent recovery.

The statement warned that the economy would not grow fast enough to reduce unemployment from its near-record level. "The pace of recovery in the foreseeable short term is still too low to stimulate demand for labour." However, it insisted that the economic climate was improving, with an increase in planned investment.

Many economists are much more sceptical about the chances of a solid improvement in the second half of this year. Holger Fährnkrog, at investment bank UBS in Frankfurt, said: "There is absolutely no evidence of the sustainability of the recovery."

Unexpectedly weak business confidence in June, reported last week by the IFO research institute, dented analysts' optimism about the economy's prospects. IFO's retail survey, released yesterday, predicted that retailers would slash investment due to stagnating sales. Arno Stähler, the author's report, said: "There has never been such a long downturn in retailing."

The weak survey results have called into question whether stronger export orders are feeding through to the domestic economy. "There have been signs of a more meaningful recovery in export orders, but the rise in the mark has probably hit that on the head," said Julian Jessop, an economist at Nikko Securities. The mark has climbed by just over 1 per cent in trade-weighted terms since the end of May.

Comment, page 19

High water bills lead to legal fray

CHRIS GODSMARK
Business Correspondent

Parkland, one of Yorkshire's biggest textile producers, yesterday said it was facing legal action by Yorkshire Water in an industry-wide dispute over water charges.

The *Independent* has also learned that Parkland, which makes wool fabrics for large retailers including Marks and Spencer, will locate a new factory in Nottinghamshire rather than Yorkshire, because it can obtain a better deal on water charges there.

The company is refusing to pay a 25 per cent increase in its water bill imposed last October. A seven-day deadline to pay up or face a writ expired last week.

"We've been trying to get an appointment with Brandon Gough, Yorkshire's new chairman, but they say they're still trying to sort out an appointment," said Bryan Lodder, chief executive of Parkland Group. "You'd think courtesy alone would suggest they should wait until that meeting before they take things further. It's a matter of principle."

Yorkshire Water announced phased increases in the "reception charge" for waste water products from textile firms, from 1995 to 1999. Parkland's bill for this year went up by 25 per cent to £100,000, on top of a 38 per cent rise last year. Consumers' bills in the region increased by just 5.6 per cent.

Textile firms are among the heaviest users of water, large quantities of which are needed for finishing and dyeing processes. Yorkshire has argued that historical charges levied on the industry for

effluent did not reflect the true cost of providing the service.

Some producers have agreed to pay this year's increase but have been granted further consultation on planned rises by Yorkshire's new management. In the case of Parkland, which has 700 employees in Bradford, Halifax, Huddersfield and Oldham, plans are for charges to increase by another 58 per cent over the next three years.

Ofwat was consulted about the price-hike, but said Yorkshire did not require formal permission to levy the increase. A spokesman for Yorkshire Water said last night: "We will take any steps necessary to recover the outstanding debt. Out of 2,400 companies affected by the new charge, only three have so far refused to pay."

Parkland blames the attitude of Yorkshire Water for its decision to build the £16m yarn dyeing factory in north Nottinghamshire - where it will be a customer of Severn Trent. The plant, initially employing 100 people but with a workforce planned to increase to 400, is under construction on a greenfield site and is due to open next January. It will make coloured yarns for industrial applications such as car seat fabrics.

Mr Lodder said the company had also considered a similar site in Yorkshire, but Severn Trent's connection charges were much cheaper. "Severn Trent were extremely helpful, whereas Yorkshire Water couldn't sort anything out for at least a year. They appear to have decided that industry does not need encouragement to remain in Yorkshire. It reflects a general apathy towards manufacturing," said Mr Lodder.



Don Cruickshank: Accepted explanation given by BT

OfTel clears BT of dirty tricks

MATHEW HORSMAN
and CHRIS GODSMARK

BT was largely exonerated yesterday from allegations that it had improperly canvassed ex-directory cable customers. In a report issued by the telecom watchdog OfTel.

But the regulator called on the company to improve its standards in the future, saying that any campaign to win back customers "should meet the highest standards of fairness and propriety". A spokesman from BT said: "We're clearly delighted that OfTel has vindicated BT. There was no dirty-tricks campaign. OfTel has confirmed that it was an honest mistake made through a computer error."

The Cable Communications Association was last night considering whether to take additional action. Its chief executive, Bob Frost, said that the main issue - whether ex-directory cable customers had been addressed by name in BT's "win back" campaign - had not been resolved.

In a statement accompanying the report, OfTel director-general Don Cruickshank said he accepted BT's explanation relating to the computer glitch. BT claimed that in a list of phone numbers generated by an outside supplier, a coding error had led to some digits being changed. Of these, some were ex-directory accounts.

Mr Cruickshank said that

the claim of some customers to have been marketed by their own names lay with a lack of adequate scripting, training and monitoring, which had given cable customers an incorrect impression. He also warned that "immediate enforcement" would follow any recurrence of the episode. BT last night said it had reviewed its procedures "to ensure that everyone maintains the proper standards".

The cable industry gave a muted response to the OfTel report. Telewest Communications, the industry leader, said: "Whether by accident or intent, we believe BT's actions were anti-competitive and unnecessary." A spokesman added: "BT should now apologise to the

customers concerned and to the cable companies affected."

Bell Cablemedia, some of whose customers had also been contacted by BT marketers in recent months, said: "We look forward to BT's confirmation... of the new procedures it now intends to set up in order to avoid a repeat of such a situation." BCM said the episode confirmed that OfTel was right to request additional powers to enforce open competition in the telecoms industry.

BT's board meets today to discuss whether to accept OfTel's plans to take on the new powers of enforcement. The company is fighting the proposals, arguing that they should include a formal right of appeal.

Tesco stays hand on French bid

NIGEL COPE

Tesco had yet to declare its hand in the £2.5bn bid for Docks de France supermarket group last night even though the French company's shares were suspended on the Paris bourse yesterday pending an announcement.

Docks de France is on the receiving end of an offer from rival supermarket group Auchan and other bidders have only until today to declare their hand.

With Tesco silent yesterday it is now believed that the UK supermarket group has decided not to accept the French group's plea for a white knight intervention.

Instead, Docks de France is set to accept a slightly higher offer from Auchan. The offer, which has not yet been disclosed, is thought to be in the region of 5-10 per cent higher than the previous bid, valuing Docks de France at up to £2.75bn.

It is understood Tesco felt the deal, which would have involved a huge and dilutive rights issue, would have been too high a price to pay. At that valuation, Tesco could not see how the deal would enhance shareholder value. Though Tesco is keen to expand in Europe and did hold talks with Docks de France it will now press ahead with the expansion of its Cateau business in France which it acquired in 1992.

Tesco's decision is likely to be greeted with relief in the City. Tesco's shares have fallen by almost 9 per cent since rumours of its interest in Docks de France began to circulate. They closed 7p lower at 27p yesterday.

One analyst said that Tesco's decision to walk away from the French deal would make the shares a strong buy. Bill Myers of Williams de Broe said it would leave Tesco free to concentrate on the home market where it is continuing to win share from Sainsbury's.

WH Smith launches loyalty card scheme

NIGEL COPE

WH Smith is testing two loyalty card schemes in its core high-street chain in an attempt to boost flagging sales and inject more life into the ailing business. The two versions on trial are the WH Smith Clubcard and the Clubcard for Children, thought to be the first card aimed at the under 12s.

Both schemes enable shoppers to earn 10 points for every £1 spent which can then be redeemed against purchases in WH Smith stores. The discount is equivalent to 2 per cent, roughly double the rate offered by most supermarket loyalty schemes.

The system is being piloted in 19 stores, and the company is now actively targeting the family shopper. ClubCard for Children is available to youngsters

up to 11 years, whose parents also sign up to the scheme. WH Smith stores are visited by 7.5 million customers a week but have been hit by a combination of low margins, cluttered stores and fierce competition from the supermarket groups. The 19 stores participating in the trial also have Discovery Zones, which give better offers to children.

WH Smith is the latest in a

long line of retailers to launch loyalty cards, or tests, following in the trail of all the big supermarkets and the chemist, Boots. But the company faces problems differentiating its card from those of rivals. It has adopted the same name for the cards as Tesco's scheme, which has 8.5 million members.

City analysts will also fear that the card will hit WH Smith's already pressured margins.

STOCK MARKETS

FT SE 100

Dow Jones

Nikkei

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FTSE Real Index Data

Indices	Close	Day's change	Change%	1995 High	1995 Low	YTD %
FTSE 100	3681.30	-29.20	-0.8	3857.10	3632.30	4.11
FTSE 250	4231.00	-19.00	-0.4	4568.50	4015.30	3.56
FTSE 350	1847.60	-13.20	-0.7	1945.40	1818.60	3.99
FT Small Cap	2104.15	-2.47	-0.1	2244.36	1954.05	3.13
FT All Share	1829.15	-12.30	-0.7	1924.17	1791.95	3.93
New York *	5405.00	-21.82	-0.4	5778.00	5032.94	2.30
Tokyo	21005.63	-470.66	-2.2	22666.80	19734.70	0.741
Hong Kong	10798.28	-47.01	-0.4	11594.99	10204.67	3.411
Frankfurt	2482.40	-37.79	-1.5	2583.49	2253.36	1.851

Source: FT Information

INTEREST RATES						
Short sterling*		UK medium gvt		US long bond		
5.68	6.00	7.90	8.28	8.02	8.34	
5.28	5.91	6.76	6.45	6.97	6.88	
0.47	1.19	3.34	2.88	-	-	
3.31	3.34	6.39	6.97	6.97	-	

CURRENCIES						
£/\$	£/DM	£/¥	£/A\$	£/NZ\$	£/S\$	
1.5499	0.2535	1.5873	0.6452	-0.10	0.6261	
1.5495	+0.15c	1.5845	0.6454	-0.08	0.6270	
2.3035	+0.03c	2.2102	1.4883	-0.22c	1.3837	
166.919	-10.55c	139.784	107.700	-10.53c	87.500	
84.7	unch	62.5	95.9	-0.2	90.2	

MAIN PRICE CHANGES							
Shares	Price of	Change of	Shares	Price of	Change of	% Change	
Glaxo	115	5	4.5	Chiroscience Group	25	2.1	
British Gas	190.5	4.5	2.4	Brenntag Group	405	19	4.5
Powerscreen Int	490	10	2.1	Tg	152.5	5.5	3.5

CURRENCIES							
<p>£/\$</p>	<p>£/DM</p>	<p>£/¥</p>					
<p><i>These Bank Telegraph exchange rates are Mid East September 1st of 1984 times</i></p>							
Pound							
Yesterday	Change	Year Ago					
£ (London)	1.5499	+0.25c	1.5873				
£ (NY Market)	1.5498	+0.15c	1.5845				
DM (London)	2.2035	+0.05c	2.2182				
¥ (London)	166.919	-0.559	139.784				
\$ Index	84.7	up 0.5	83.5				
Dollar							
Yesterday	Change	Year Ago					
£ (London)	0.6452	-0.10	0.6261				
£ (NY Market)	0.6454	-0.08	0.6270				
DM (London)	1.4688	-0.22c	1.3857				
¥ (London)	107.700	-0.0535	87.500				
\$ Index	95.9	-	90.2				
OTHER INDICATORS							
Yesterday	Day's change	Year Ago	Index	Latest	Yr Ago	Next Figs	
Oil Brent \$	18.99	-0.23	15.53	RPI	153.0+2.1pc	149.8	15 Aug
Gold \$	384.35	+0.50	386.40	GDP	130.3	+1.2c	125.2 28 July
Gold £	248.38	-0.07	241.95	Base Rates	-5.75pc	5.75	-

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INSTRUMENTS
FOR PROFESSIONALS

18
businessOnly three
bidders still
in Videotron
auctionMATHEW HORSMAN
Media Editor

Only three serious bidders remain in the frame for a £400m controlling stake in Videotron, a leading cable operator in the UK, sources close to the auction said yesterday. They are UK cable operator International CableTel, Deutsche Telekom, the giant German telecoms operator, and Bell Cablemedia, which already holds a 26 per cent stake in Videotron.

Cable & Wireless, the telecoms company that owns Mercury Communications, remains on the sidelines, the sources said, and could return to the fray depending on the outcome of negotiations. KPN, the Dutch telecoms company, is believed to have withdrawn.

It is also understood that lawyers for Bell Cablemedia have conceded the company does not have a pre-emptive right over the 56 per cent stake in Videotron Holdings put up for sale by Montreal-based Videotron, the Canadian cable giant. Therefore, the company's chances of winning the auction are put at just one in four, a senior Videotron source said.

Industry sources add that if Bell Cablemedia does not buy the stake, doubts will grow about this company's commitment to the UK market. The

sale, which is still several weeks from completion, is a further move toward consolidation in the UK cable industry, following the purchase by General Cable of a minority interest in Yorkshire Cable earlier this year and the merger between market leader, Telewest Communications, and SBC CableComms last year.

Analysts had been expecting further moves in the business, which recently returned to market favour following several months of bad publicity.

Videotron Canada, which is looking to shift its attention to the newly liberalised US market, is demanding cash only – a position that favours the deep pockets of Deutsche Telekom, which has a stake in the domestic cable market, but no investment as yet in Britain.

All three finalists, however, believe Videotron is asking too much. "We think the valuation is far too high, there is still a lot of negotiation to come," said a source at one leading bidder.

The attractions of the Videotron franchises, which range from the City to the Thames Valley, are obvious, analysts say, but the company has been undermanaged and dogged by customer complaints. Further, it still has most of its network to build, as part of the £1.1bn UK cable investment.



Mr Entertainment: Michael Green says Cinema Media will immediately boost earnings

Carlton makes £58m move
into cinema advertisingMATHEW HORSMAN
Media Editor

Carlton Communications, Michael Green's media company, is paying £58.5m for Cinema Media, the largest seller of cinema advertising space in the UK, confirming its strategy of investing in what Mr Green calls "screen-based entertainment". The acquisition, which gives Carlton contracts with leading UK cinema exhibitors, including Virgin, ABC, National Amusements, Rank and UCI, will be paid for in cash.

Rank by its managers in 1992, will be rebranded as a Carlton company.

It had pre-tax profits last year of £7m, on sales of £34.6m, but Carlton said yesterday current trading was "significantly ahead" of last year.

The company controls more than 80 per cent of the UK market for in-cinema advertising, and 100 per cent of Ireland. It also supplies advertising for home videos, a growing market.

Carlton, through its Technicolor division, is a leading maker of pre-recorded video cassettes and the big film

processor. It is also the franchise holder for London TTV in the week and for Central.

Following a brief hand-over period, Cinema Media's chief executive, Keith Shepherd, and its finance director, Chris Hicks, are to leave the company. Mr Shepherd will be replaced by Adam Poulter, now marketing director of TDI, the transport advertising company.

The division will be folded into Carlton UK sales, which handles airtime for Central Television, Carlton and several cable television channels, including Carlton Select.

Cut-price
Somerfield
float finds
buyers

NIGEL COPE

Stockbrokers to Somerfield's cut-price flotation said yesterday that initial orders from City institutions were encouraging, though some analysts and fund managers were only giving the new issue a 50-50 chance of success.

NatWest Securities, broker to the £480m float, said it had received "quite a few" orders by close of business yesterday, though a number of institutions were still "biding their time". NatWest said that last week's reduction in the price from the original 180p-190p range down to 160p had tempted several investors to take a second look.

Of the institutions seen, NatWest claims that more than half had expressed interest while other smaller funds were also getting involved. Some US institutions have expressed interest even though they were not targeted in the company's presentation. It is understood that some of the largest City fund managers have yet to meet Somerfield's management, though meetings are scheduled for the next two days. One said: "We often prefer to see companies at a late stage as there is usually more information around."

NatWest is confident the retail offer, which closes tomorrow, will be over-subscribed.

The City is split on Somerfield's chances of success. Some feel the price cut has made the float more attractive, others believe the former Gateway supermarket business still has fundamental problems.

Ofgas delays
decision on
price cappingCHRIS GODSMARK
Business Correspondent

The gas industry regulator, Ofgas, yesterday said it was to delay publishing the final version of its controversial price cap formula for the British Gas pipeline business TransCo until mid-August, as the war of words between the two sides intensified.

The proposals were expected to be revealed this week, but speculation that Ofgas was preparing a tactical retreat helped to boost the British Gas share price yesterday.

Ofgas said it needed more time to consider additional information on TransCo's capital expenditure which it had only received a fortnight ago. The situation has been further complicated because Clare Spottiswoode, the director general of gas supply, goes on holiday for two weeks from Friday.

An Ofgas spokesman said: "It's something Clare needs to deal with personally and she's not going to be here for a while. Otherwise the delay would have been shorter."

British Gas has described the current proposals, which are the subject of industry-wide consultation, as "the biggest smash and grab raid in history." They would cut TransCo's revenues by 22-28 per cent from next April, with cuts of inflation minus 5 per cent until 2002.

Last night British Gas refused to accept the Ofgas explanation for the delay. The company's deputy chairman, Philip Rogers, said: "The information has been with them since March. It's



Philip Rogers: 'The delay increases uncertainty'

very regrettable that we now have a three-week delay which increases uncertainty for our shareholders."

The latest dispute centres on figures for TransCo's operating costs for the 12 months to the end of 1995. British Gas had originally forecast operating expenditure of £1.35bn, but says it found during the preparation of accounts that the true figure was £1.45bn. The difference could significantly affect the amount of costs Ofgas allows when drawing up its price formula.

Privately, however, Ofgas believes British Gas is "playing games". Officials insist they made several requests earlier this year for TransCo's management accounts which they needed to reconcile with the data provided in the original forecasts. This detail did not arrive until a fortnight ago and additional information from British Gas was still being delivered as late as last night.

Sighs of relief as Tesco walks away from the big one

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Tesco shareholders will breathe a huge sigh of relief if, as expected, the company decides not to intervene in the £2.5bn bid for Docks de France, the French supermarket group.

Tesco's shares have taken a thorough beating in the past two weeks since it emerged that Sir Ian MacLaurin was considering mounting a rescue bid for the company to save it from the clutches of the French hypermarket group, Auchan.

Tesco shares were trading at more than 300p at the beginning of this month but have since shed around 9 per cent of their value as the City became nervous that Tesco might waste in with a mega-bid and the mother-of-all rights issues to fund it. They fell another 7p in a declining market to 276p yesterday.

With Docks de France now likely to accept an enhanced offer from Auchan, Tesco has walked away from the big one even though it admits that it met Docks in France and considered making a move. It would be reasonable to now expect a bounce in Tesco shares as institutions pile back in.

The reasons for Tesco's decision and relief in the City are plain enough. It would have proved an expensive deal and saddled Tesco with high gearing for the next 18 months. Keen as the company is to expand in Europe it just couldn't make the deal make financial sense.

Another key reason is that a Tesco foray into France would have let Sainsbury off the hook at home. Tesco is winning the battle on like-for-like sales increases and has been on a marketing roll for some

time with the most successful loyalty card in the sector.

With feeling melting after a profits warning and Somerfield's float struggling to get off the ground even after a price cut, Tesco's UK position looks stronger than ever. Why risk letting that dominance slip by pouring resources into a second front?

No normal service has been resumed, then. Tesco will continue to concentrate on the UK while pushing its French business ahead through Cateau which it acquired in 1992.

Well, not quite. Tesco has made it clear that it would like to expand its European interests and France is top of the list. Its other European deals in Hungary and Poland are a mere sideshow compared with its business in France which recorded sales of £550m last year and profits of £10.5m.

Some kind of move is likely sooner or later and Tesco's interest in Docks de France may unsettle some investors as it is clear that a further French foray will come in time. With analysts sticking to their profit forecasts of £740m for the current year, Tesco's shares are on a forward rating of just 12. Hold.

Lonrho takes
unfair beating

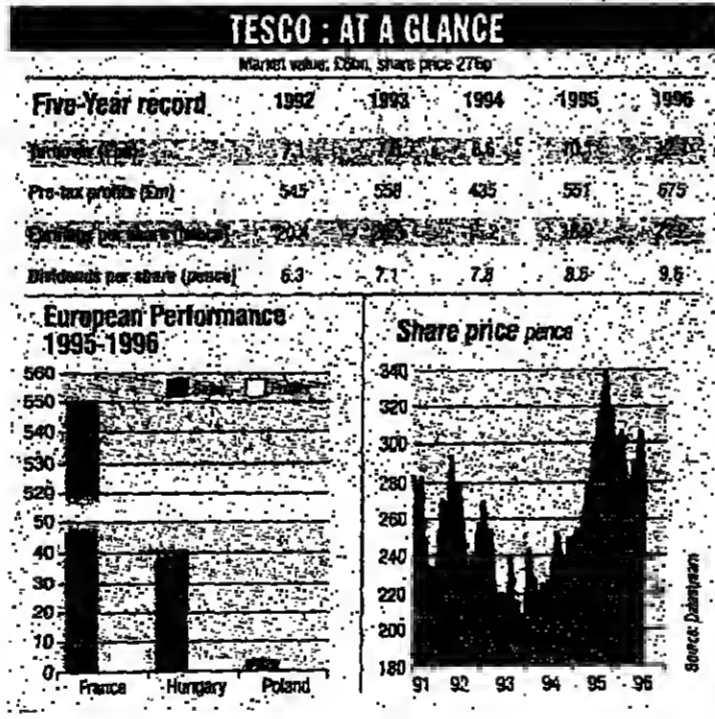
Conglomerates have been on a bid to nothing recently. The market dislikes diversified groups and has marked the shares of companies

such as BTR, Hanson and Tomkins down accordingly.

If that is the case, you might have thought, breaking up would be the way to win investors' hearts. Not a bit of it – as Hanson, and now Lonrho, have found, news of a demerger has tended to put further pressure

on the share price. Lonrho has more reason than most to feel hard done by. Dieter Bock has done a good job over the past three years in rescuing the eccentric rag-bag of unrelated businesses Tiny Rowland put together.

His efforts have been rewarded with steady outperformance in the share price but since last month's announcement that the company was pressing ahead with plans to spin off its hotels and African trading businesses, the shares have fallen 10p to yesterday's 169p, underperforming the rest of the market in exactly the same way that Hanson did after it detailed its own four-way split.



in an offer of shares in September might be worth an additional 78p and the African trading interests, which Dieter Bock plans to head up, chip in a further 80p.

A total valuation of 273p, or 235p net of central debt.

The fact that the shares have actually fallen since the demerger announcement suggests that the market simply does not believe that it will take place as promised, or that the company will be unable to achieve the sort of prices Mr Kernot has detailed in an increasingly nervous market.

In the light of recent problems with the new issues market, some caution would seem appropriate, but the potential upside seems adequate compensation and the shares are good value.

Thorn EMI
worth holding

There was nothing particularly new in Thorn EMI's first-quarter results yesterday, which showed a respectable 13 per cent rise in pre-tax profits to £68m despite some softness in the music side.

The other important aspect of yesterday's announcement was further details of the proposed demerger of the company into its constituent parts, but as Sir Colin Southgate dryly commented that was simply 140 pages to tell shareholders they would be getting two shares instead of one.

EMI Music benefited from new releases from George Michael and

Tina Turner, with sales and operating profits up 4.7 per cent and 17.4 per cent respectively in local currency terms. Foreign exchange movements cut that back a bit but the division still looks an attractive morsel to potential bidders despite Sir Colin's protestations yesterday that he hadn't talked to any possible buyers for months.

Thorn, the rentals side continued to show its paces, with sales up 9 per cent and operating profits 12 per cent better at £41.1m. This unglamorous side of the company looks more and more attractive as time goes by with much steadier income than other retailers and a growing market as PCs expand the white goods universe and rent-to-buy enlarges the target audience.

A possible £30m bid to cover the return of leases transferred to the now collapsed Ecom computer retailing business is a nuisance but a one-off irritant. Elsewhere, HMV, which will stay with Thorn on demerger, had a good quarter with sales up almost 18 per cent to £171m.

All good news, then, but from the investment perspective it is hard to believe the revaluation of Thorn EMI has not already taken place. Since the beginning of 1995, the shares have soared from £10 to £16.93 yesterday, down 42p as the market came to the conclusion that there was little still to go for with a price/earnings ratio in the high teens swamping a respectable but dull earnings growth rate of about 12 per cent. High enough on fundamentals but with the prospect of a bid for EMI and Thorn going well the shares are still worth holding.

A drink in Singapore? Mine's a pint of Leeson

CITY DIARY

JOHN WILLCOCK

A Hong Kong microbrewery that won fame with a beer named Leeson Lager, after the jailed Burings Singapore trader Nick Leeson, plans to list its shares on Nasdaq in New York.

The South China Brewery has recently applied to the exchange for a listing in order to raise money for expansion. It prefers New York to Hong Kong because of Nasdaq's electronic accessibility, according to the company's managing director David Haines.

South China Brewery was formed in December 1994 with just US\$1m in capital. It brews three of its own labels – Crooked Island Lager, India Pale Ale and Dragon's Back. It now wants to set up micro-

breweries in Thailand, Shanghai, and – wait for it – Singapore. Somehow I don't think the Singapore authorities will be terribly amused at being served up Leeson Lager.

It's 90 degrees on the streets of London and even the Governor of the Bank of England is in shirt sleeves. Eddie George is now holding his meetings outside in a pleasant courtyard of the Bank. Pimm's, anyone?

Snipers on the roof, body searches on the way in. 150 policemen. 20 police vans. A

top-security trial perhaps? In fact, the security encountered by Costain's shareholders at yesterday's egm in Westminster's Q&A centre was truly over the top.

The main "threat", as far as the police were concerned, was the Newbury by-pass protesters, who in the event were outnumbered at least three to one by the police. The peaceful nature of the protest didn't stop the police from hauling various of the hairier protesters away.

The road protesters wanted the Malaysian rescue package voted down and Costain to go into receivership, so that the whole road building project will have to go back to the tendering stage. No wonder they were waving banners saying: "Lovell must go."

In the event chief executive Alan Lovell carried the day and the vote went through. Now they can call off the snipers.

A European women's group is preparing to boycott Nestlé's Perrier mineral water next



Thirty work: Nick Leeson's notoriety was confirmed when a lager was named after him

week unless the company withdraws a Belgian advertising campaign which they say is offensive to women.

The billboard adverts, designed by Publicis FCB, show three naked women whose breasts are covered only by Perrier bottle tops, with the curious caption "wonder-hubbles".

Catherine Mackenzie-Smith is the organiser of one of the

Lloyd's of London's ginger groups which are threatening to spray writs for fraud around the market. She has quite enough work to do keeping the strangely named Non-North American Names Association on the ball. She found even more on her plate last Friday when she flew back from the US to find her offices in Whitechapel, in London's East End, burgled.

Amongst the stuff that had been nicked was a hard disc drive containing "sensitive information," she says. So who dunnit?

"I have no idea at all. But it's a funny thing that some body should come in the third floor of this very large building," she says.

The police are continuing with their enquiries. Let's hope the "information" doesn't fall into the wrong hands.

COMPANY RESULTS				
	Turnover	Pre-tax	EPS	Dividend
Aurthur Asstos (I)	-1.1	-0.17m (0.05m)	-1.23p (0.30p)	nil (nil)
CCI Holdings (I)	1.3m (1.2m)	0.12m (0.06m)	10.1p (5.5p)	nil (nil)
Copyright Promotions (F)	5.8m (5.5m)	0.3m (0.48m)	2.46p (3.75p)	1.0p (-)
Imo Business (I)	5.6m (3.6m)	0.39m (-0.05m)	0.98p (0.02p)	0.59p (nil)
Thorn EMI (I)	1.11bn (1.05bn)	108.8m (63.7m)	16.9p (8.4p)	nil (nil)
Tomorrow's Leisure (F)	8.5m (8.8m)	0.07m (1.4m)	0.04p (2.85p)	nil (nil)
(I) - Final (F) - Interim (N) - Nine months				

Revised Interest Rates For Accounts
No Longer Open To New Investors

Amended Index Linked Account Rates, Effective from 23rd July, 1996.

	Minimum Investment	Gross*	Gross CAR**	Net†
1st Issue Quarterly	£1,000	5.10%	5.20%	4.08%
2nd Issue Yearly	£1,000	5.10%	-	4.08%
2nd Issue Monthly	£1,000	4.98%	5.10%	3.98%
3rd Issue Yearly	£1,000	5.10%	-	4.08%
3rd Issue Monthly	£1,000	4.98%	5.10%	3.98%
4th Issue Yearly	£1,000	4.80%	-	3.68%
4th Issue Monthly	£1,000	4.51%	4.60%	3.61%

*Without UK income tax deducted. **Annual return if monthly interest payments remain in the account. †Assuming rate of income tax at 20%. Interest will be payable net of the applicable rate of income tax (which may be reclaimed by non-taxpayers) or gross, subject to the usual registration. CAR and net rates are illustrative only and have been rounded to two decimal places. Rates may vary but are correct at the time of going to press. Details of interest rates paid on other accounts are available from any Britannia branch.

Britannia
The Sharing Society

Britannia Building Society
Britannia House, Leam
Staffordshire ST11 3AC

Shareholders give Costain one last chance



The company may long since have been written off by the financial community, but in the booming construction markets of Asia and the Gulf, the Costain name still punches well above its weight

Costain has been written off so many times, and received such a torrent of bad press along the way, that yesterday's perfunctory refusal to allow anyone other than shareholders into its extraordinary meeting smacked of slamming the barn door well after the horse had bolted. In the event the resolution to approve a proposed rescue of the once great construction and engineering group (market value £20m at the recent suspension price) was passed through more or less on the nod, despite an unlikely alliance between environmentalists and small shareholders.

Three-quarters of the 83 per cent of shareholders who bothered to have a view agreed that a heavily diluted shareholding in something was a preferable alternative to a bigger slice of nothing at all, well in excess of the simple majority the company needed.

So Costain has stepped back from the brink yet again, out of the hands of two potential Middle Eastern saviours (Kharafi of Kuwait and Raymond International of Saudi Arabia) and into the willing arms of a new Far Eastern sugar daddy in the form of Inria of Malaysia, which will end up with a 40 per cent stake in return for underwriting a three for one rights issue to raise £73m. The company may long since have been written off by the financial community, which has lost 90 per cent of the value of its investment in the past 10 years, but in the booming construction markets of Asia and the Gulf, the Costain name still punches well above its weight.

Shareholders were probably right then to give the company one last chance to pull something from the wreckage. Alan Lovell says he is already talking to Inria about joint contracts both in Malaysia and elsewhere. If potential clients can be reassured by a patched-up balance sheet that Costain will still be around to honour its contracts, there is plenty of work in places like Kuala Lumpur and, unlike in Britain, the prospect of making a profit doing it.

If it all goes horribly wrong, as things tend to with this company, then shareholders can at least console themselves that, this time, someone else wrote the cheque.

OFT lets BSKyB off lightly

The Office of Fair Trading is in danger of missing a trick by accepting undertakings from BSKyB over its trading relationships with the cable companies in place of a full-scale referral to the Monopolies and Mergers Commission.

Whatever BSKyB might suggest to the contrary, the prospect of a reference would hardly be good news for the company when it is gearing up to invest considerable sums on the launch of up to 200 digital satellite television channels.

The OFT, therefore, had a powerful weapon in its armoury with which to confront BSKyB's dominance of the subscription

television market. We will have to wait for the fine print of the undertakings extracted from BSKyB but the danger is that the OFT will fail to maximise its firepower.

The undertakings cover so-called bundling – BSKyB's ability to force cable operators to take a package of programming to qualify for discounts – and the wholesale price at which those programmes are supplied, which is fixed at 60 per cent of the price paid by dish owners.

These have been two of the biggest bones of contention with the cable companies because of the way they are inhibited from pricing and packaging their offerings in response to market conditions.

Action to prevent BSKyB abusing its dominant position in these two areas is to be welcomed. But it looks as if the OFT has missed the opportunity to strike decisively by tackling the whole area of encryption – the little black boxes that enable viewers to convert scrambled signals into a night's entertainment.

Encryption services are available only from News DataCom, a subsidiary of Rupert Murdoch's News Corp which also owns 40 per cent of BSKyB. In theory, any cable operator could develop their own encryption system. In practice, it would be prohibitively expensive, meaning that the only access to encryption is through BSKyB. The OFT could have insisted that encryption systems be licensed and available on transparent terms to all programme providers.

Encryption lies at the heart of profitability of pay TV and, in the absence of any action from the OFT, there is every prospect of BSKyB's privileged position migrating from analogue to digital services.

The one crumb of comfort for the cable companies is that more than half BSKyB's net new customers are now being supplied by cable, not satellite dish, increasing their bargaining power. When BSKyB launches its digital satellite, however, the tables will be turned once more. The OFT looks like missing out on the chance to put a regulatory framework in place that will provide for tomorrow as well as today.

Flaws in the rosy economic outlook

When something becomes the conventional wisdom it is time to start thinking about why and how it might be proved wrong.

The current consensus about the world economy is that it is picking up in nice and sustainable fashion, with a near-synchronous upturn under way in the US, Japan and Europe. Germany is lagging a bit, so there will be another cut in short-term interest rates there. Rates in Japan and the US are expected to rise sooner or later, but probably later as inflation is still subdued.

This is unexceptional stuff, so what is the flaw in this rosy outlook? One clue lies in

Wall Street's tantalising brush with a crash. The man who dropped a bombshell on the US market a fortnight ago, by pointing out that the ratio of stock market valuation to the replacement cost of corporate assets – Tobin's "q" – is at an all-time high reckons that the Federal Reserve faces an unappealing choice. It can either do nothing, in which case overvalued asset prices will trigger higher inflation. Or it can raise interest rates and choke off the signs of recovery in the world economy.

According to the investment guru Andrew Smithers, one way or another there will be a price to be paid for allowing the Wall Street bubble to blow so long. The choice, he reckons, is between inflation and recession, pointing out in a new report that previous US crashes from similar peaks have been followed by recessions. The fact that there was a boom instead after October 1987 has made us complacent. The risk of recession has increased with the huge rise in the exposure of American households' savings to the stock market since then.

The length and depth of Japan's post-bubble recession this decade highlights the danger. A high fall in shares on Wall Street would probably send the Japanese economy under again too. There would be scant hope then for the German economy's fragile recovery.

Those who find this prognosis all too gloomy and subscribe instead to conventional wisdom should bear in mind that ships have been known to run aground in open waters.

SFA seeks powers to prosecute over lax management

PETER RODGERS
Financial Editor

New rules being considered today by the enforcement committee of the Securities and Futures Authority, will make it easier to discipline senior executives of City firms that get into trouble.

The proposals were drawn up following widespread criticism of the SFA earlier this year, when Peter Baring, former chairman of Barings, and Andrew Tuckey, his deputy, escaped prosecution for rule breaches.

If the new rules are approved after a public consultation period which begins next month, top executives could be prosecuted by the securities regulator for falling down on key management tasks.

The SFA's present rule-book says senior executives have ultimate responsibility for compliance with the rules, but the statement is so general that it can prove impossible to pin down any specific offence on which charges can be brought.

The new rules are expected to spell out several objectives senior executives must aim to meet, including standards of the management of business generally, besides the quality of

internal controls and risk management. The SFA's rules on what it can say in public about cases may also be eased.

Now, if the SFA can show that top executives have failed to ensure controls are in place and monitored effectively, the regulator can bring formal charges.

Nick Durlacher, chairman of the SFA, says in the regulators' July briefing notes that the investigations of Mr Baring and Mr Tuckey "did not uncover evidence of wrongdoing by them that would have sustained a prosecution for rule breaches."

He said the two executives had agreed voluntarily not to apply to rejoin the SFA's register of individuals for the foreseeable future, and to accept responsibility for the failure.

But he added: "The absence of a finding of guilt led to a torrent of criticism of the SFA that proved damaging to the perception of regulation as a whole." Mr Durlacher promised the SFA would take into account the objections of senior executives to having greater responsibility placed on them "vicariously".

He said he did not want the pendulum to swing so far as to place unreasonable demands on senior people. But he believed a balance needed to be struck.

The enforcement committee's meeting today coincides with the appearance of two other former Barings executives, Roo Baker and Ian Hopkins, at a hearing of the Commons Treasury Select Committee.

Mr Baker last month became the first senior Barings executive to criticise his colleagues in public, when he used a previous session of the select committee – protected by parliamentary privilege – to allege a cover-up, by former colleagues, of a £50m fraud.

Mr Baker, like Mr Hopkins, is fighting disciplinary action by the SFA, and both believe they have been unfairly blamed. Mr Hopkins is expected to tell the MPs that he tried to blow the whistle on flaws in Barings' internal controls.

Separately, investigators in London and Frankfurt rejected reports from Germany that Nick Leeson, the former trader serving six and a half years in a Singapore jail for his role in the Barings collapse, has £23m deposited in German bank accounts.

Mr Durlacher, referring to earlier versions of the story, said in the SFA's briefing that no evidence has emerged so far to support the claim about Mr Leeson's supposed deposit.

Big banks throw their weight behind the Millennium Exhibition



Michael Heseltine, Deputy Prime Minister and millennium commissioner, visiting the site of the Millennium National Exhibition in Greenwich, south-east London, said Abbey National, Barclays Bank, Lloyds Bank, Midland Bank and NatWest were joining the list of companies supporting the millennium festival.

The banks join Amec, British Airways, British Aerospace, British Telecom, BSKyB, BP Corporation of London, Ford, GEC, Hanson Energy, London Electricity, Marks & Spencer, Reuters, the Royal Mail and Siemens, which are already committed to supporting the exhibition.

Mr Heseltine also announced the

appointment of Chris Peckham to carry forward the work of establishing the National Exhibition at Greenwich. Mr Peckham, a senior executive seconded from British Airways, will prepare the ground for the new operating company to be established to oversee the National Exhibition.

Photograph: Andrew Saurman

BAA buys Heathrow Express

CHRISTIAN WOLMAR
Transport Correspondent

BAA, owner and operator of Heathrow airport, has taken sole control of the troubled Heathrow Express rail project.

The company announced yesterday that it had purchased the 30 per cent share of the venture owned by British Rail for £19.8m. This gives BAA, which is being broken up and sold, a small profit on its £15m outlay made in March 1993 when the venture was created. The remainder of the project is funded by BAA.

In 1994, it ran into problems when a tunnel in the airport complex collapsed, bringing down an office block. The project, which had originally been scheduled to be completed in March 1997, will now not open until 1 June 1998, and the cost has increased from £300m to over £350m. When open it will offer travellers a 16-minute service between Paddington and the airport.

BAA's Director of Rail Strategy, Rod Hoare, said: "This is a logical move which makes sound commercial sense. Having full control of the new high-speed rail link will help us achieve our airport access public transport strategy."

The move was prompted by BR's need to sell off all its assets by next spring in line with government policy. BAA will work in partnership with Railtrack.

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Compaq launches fierce new computer wars with 23% cuts

DANIELLE ROBINSON
New York

Wall Street was bracing itself for even bloodier computer price wars in the months ahead following Compaq's move yesterday to cut prices by 23 per cent.

The move, which will introduce a whole new line of products as much as 16 per cent cheaper than its competition.

The latest onslaught by Compaq, the world's leading personal computer maker, has sent shockwaves through an already battle-scarred industry.

Martin Reynolds, a senior analyst at research firm Dataquest, said the introductions "are as significant as the pricing structure changes that Compaq executed in 1992 and portend further shifts in the structure of the PC industry."

Liquidators winding up the affairs of the collapsed electric cooker-maker Belling have offered to pay £2m, the 100 per cent share of the remaining assets, to the firm's pension fund, which was severely depleted by fraud and by the actions of former directors. However, the offer leaves just £500,000 in the pot for unsecured creditors.

Belling collapsed in 1993 with debts of more than £20m. It later emerged that directors had used the pension fund to try to avoid receivership. They borrowed £2.1m from the pension fund, a sum paid to a Staffordshire solicitor, Charles

Deacon, as an advanced fee for a promised \$50m (£32m) loan. The cash never materialised and the loan was not repaid. In January Mr Deacon was jailed for nine years for fraud.

In another ill-conceived and highly unusual deal, the directors, who also acted as pension fund trustees, sold one of Belling's subsidiary companies to the fund shortly before the collapse. When the pension fund later came to sell the company, it made a loss of £4m. The outcome is that hundreds of people, who had not yet reached retirement age when Belling called in the receivers, stand to receive substantially reduced company pensions.

Some cash has since been recovered, but it is thought the trustees appointed to run the fund, the City-based Law Debenture Trust Corporation, are recommending that members accept the current offer from the joint liquidators, Deloitte & Touche and Buchler Phillips. The liquidators' expenses will exceed £1m.

However, the fund members' action group insists the scandal is far from settled. They argue that Belling had agreed to raise the value of pensions on the eve of receivership. If this more generous valuation is used, a further £3m remains unrecovered. It is believed Law Debenture prefers to use a lower figure.

Jim Wignall, an ex-employee who paid into the pension fund

for 21 years, explained: "We feel we should have been given all the assets from the liquidation. With this payout there's still a substantial shortfall."

Campaigners continue to call for a Department of Trade and Industry investigation into whether Belling was trading while insolvent in the months leading up to its collapse. In a Commons debate last week, the MP for Burnley, Peter Pike, said: "Warning bells should have sounded and the DTI should have acted. Many professional organisations and advisers failed to give the necessary signals and act properly. It is a disgrace that ordinary honest people have lost out on their pension entitlement."

It's not so much that the technology boom is ending, but more a case of computer companies having misjudged the sustained rate of demand growth in the \$120bn global personal computer market. "Every-one was anticipating such huge growth in PC demand that a lot of semi-conductor chip and PC manufacturers ramped up capacity," one analyst said.

Its most basic model, which features a Pentium 100mhz microprocessor, will cost just \$1,000, which Compaq said is 16 per cent lower than its lowest point of entry for competitors.

Its top model in the new range, featuring a Pentium Pro 200mhz chip, will retail at around \$4,800. Compaq will lower the price of existing desktops by up to 23 per cent.

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Belling pension payback falls short

CHRIS GODSMARK
Business Correspondent

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IN BRIEF

• The Investors Compensation Scheme paid out a record £25.5m to 1,524 private investors in the year to 31 March, bringing the total paid out since the scheme began in 1988 to more than £100m, shared among 9,173 successful claimants. Three-quarters of the claims arose from the poor quality of financial advice given rather than actual fraud or criminal action, but the ICS also paid a record 71 investment firms into default, an essential stage in the process of awarding compensation. Processing claims costs on average between £800 and £1,500 the ICS said in its annual report. The maximum payout under the scheme is £48,000, but 90 per cent of all individual claims were for less than £30,000 and were paid in full.

• Kildarron, an investment business based in Sale, Cheshire, was yesterday suspended by the Personal Investment Authority. The PIA banned it from conducting or soliciting investment business. Any investor concerned or affected by the decision can contact the PIA Consumer Helpline on 0171 538 8860.

• Tate & Lyle's shares fell 2.5p to 456.5p after the company said an explosion at its Scotsbluff sugar beet facility in Nebraska would hit 1996 pre-tax profits by £10m. Any effect on results for the year ending September 1997 "requires further evaluation of the damage," the company added. The cause of the explosion has not yet been determined. Tate & Lyle made pre-tax profits of £331m in the year to September 1995.

• Reckitt & Colman has sold its Brazilian pigments and coatings unit, Globo SA Tintas e Pigmentos, for £60.1m to joint purchasers Bayer and Sherwin-Williams of the US. The sale does not affect Reckitt's household products business in Brazil, which includes brands Veja Multi-Use, Poliflor, Nugget and Harpic.

• Hannover International's share dealings were suspended pending the £40m acquisition of six hotels in the UK from UFB Group. The company said it was considering making a placing and an open offer of shares to fund the deal.

• T&N has sold AE Turbine Components, a maker of turbine blades and castings for the aerospace and power generation industries, to Precision Castparts Corp for £41m cash. The proceeds will be used to cut debts, said T&N.

• The European Commission has cleared Swissair's purchase of Alders International, the world-wide duty and tax-free shop at airports and on cruise liners. Swissair, which has duty and tax-free retail activities onboard its own aircraft and those of its 49 per cent owned affiliate Sabena Belgian World Airlines SA, will now have about 6 per cent of the European economic area's tax and duty-free sector.

• Ian Lang, President of the Board of Trade, has decided not to refer The Go-Ahead Group's acquisition of Mockett, the holding company of London General Bus Company, to the Monopolies and Mergers Commission.

• Mackie International Group's one-for-four rights issue of 2.4 million shares at 275p each has been taken up by holders representing 36.85 per cent of the issue. The remaining 1.5 million shares not subscribed for will be taken up at the issue price by the sub-underwriters.

Privatisation should kick-start developing world

Privatisation, for the UK at least, is in effect dead last week. This is not just because the float of British Energy, the nuclear power generator, will be the last large privatisation for some time if there is a change of government at the next election. It is also because there are only a handful of other potential candidates for privatisation, of which only one, the Post Office, appears seriously attractive and likely to yield substantial sums. Even if a new Labour government wished to carry on the programme, it couldn't, for the cupboard is almost bare.

People who still feel uncomfortable about the whole process of privatisation might extract some slight satisfaction from the fact that the float of British Energy has gone so badly, with the shares moving to a sharp discount. But perhaps the less partisan response would simply be to acknowledge that privatisation is going to stop being a British political issue, and instead become an international economic one.

For privatisation is going to race on in two other groups of countries, within Continental Europe and in the developing world. As the graph, based on OECD figures, shows, while the UK has been relatively high on the privatisation league for the past three years, other countries have carried out even larger privatisations, while the non-OECD countries account for nearly a third of the total.

As the centre of gravity shifts away from the UK, we here will increasingly become aware of the global impact of the process. Here are half-a-dozen such effects which seem likely to become apparent.

First, there will be some loss of



ECONOMIC VIEW HAMISH McRAE

competitive advantage enjoyed by the UK over other European countries. For example, the French economy has been hindered by the need to carry the losses of Air France, which has not made a profit since 1989 and which this week gets approval for its final chunk of government subsidy, and Credit Lyonnais, Germany has had to cope with extremely expensive telephone and data transmission charges; Italy and Belgium with heavily loss-making

able to do so. That may not sound large in overall fiscal numbers. But it is cumulative and it gives those countries a fiscal freedom that we will not have. And, over the next decade, Continental European governments will have the option of cutting their deficits by pushing up the pace of privatisation – whereas the UK can only cut its fiscal deficit the hard way, by increasing taxes or cutting real spending.

Third, Continental European

In the short term, the advantage enjoyed by the likes of BA will be narrowed

airlines. As these corporations are privatised (and, as important, subjected to market disciplines) their performance will improve.

So the efficiency of the Continental European economy as a whole will benefit. In the long term that will increase pan-European prosperity, and of course should be welcomed. But in the short term it means that the advantage enjoyed by companies such as British Airways will be narrowed.

Second, there will be a loss of comparative fiscal advantage experienced by the UK. In very crude terms, the governments of Germany, France and Italy will continue raising £4bn or more each year from privatisation, while the UK will not

capital markets will continue to be transformed by waves of new share issues. On the one hand, this will put pressure on the markets because absorbing the new stock will be difficult, particularly if the generally sold share price performance of the past three years is superseded by more nervous, difficult markets. (French privatisation has already been largely bad, which has put a damper on the country's further plans.) On the other hand, the share issues seem likely to stimulate tax and regulatory changes that will encourage the growth of an equity culture in Continental financial centres.

The fourth effect, leading on from this, is the supply of additional equity securities clearly matching the

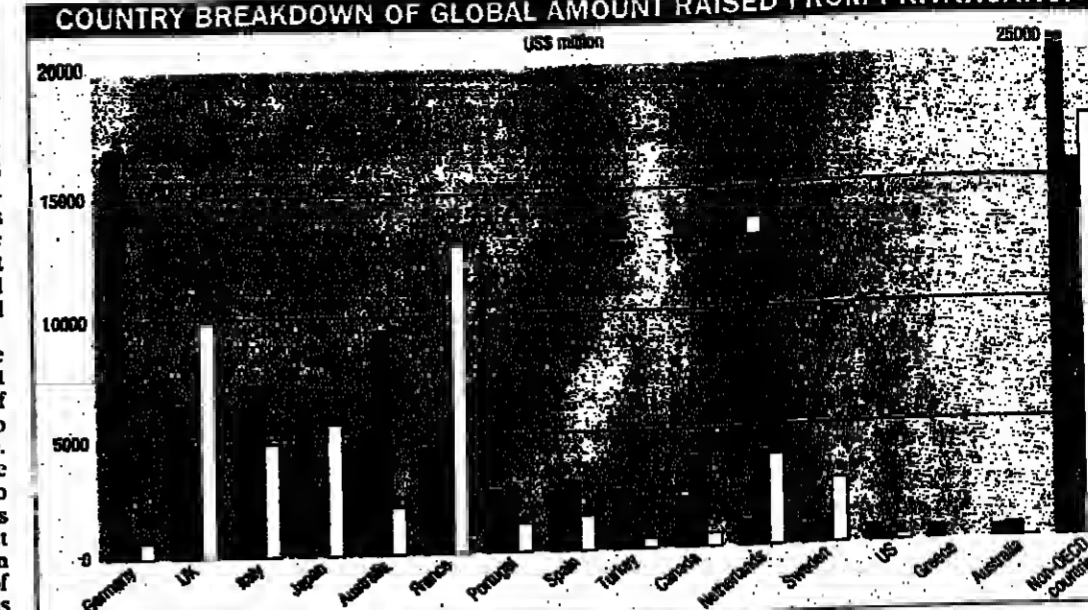
need for Continental Europe to build its private sector pensions industry – which will need to acquire equity securities to match these pension liabilities.

Just this week the German government unveiled more details of its planned reform of securities legislation allowing insurance companies to invest more of their funds in the stock market to boost the use of unit trusts. Privatisation of pensions and privatisation of industry move hand in hand.

The fifth effect is to do with the fact that we are going to hear not just much more about regulation of privatised corporations, but also about their corporate governance. This is of course already a hot issue in the UK, where the rewards to directors of privatised companies have drawn great criticism. Expect it to become a much hotter issue in the Continent, where the culture of accountability to shareholders is even less secure than here.

In the case of Germany, mass privatisation may even be the driving force which reduces the influence of the banking system, over the securities market, reversing a relationship which dates back to the 1930s when the banks acquired their large equity stakes.

Perhaps even more important than these pan-European changes, is the impact of privatisation on the non-OECD countries – the sixth factor. We think of privatisation as a Western intellectual export, an example of the victory of the market system over state allocation of investment funds. In one way it is. But just as exporting this idea may narrow the comparative advantage of Britain against Continental Europe, so the export also narrows the



advantage of the developed world against the developing one.

At present nearly a third of privatisations globally are in less-developed countries or what are called the "transition economies", economist-speak for the former communist countries. It is questionable that in another decade that ratio will be reversed, with two-thirds of the privatisations coming from the developing countries.

For the moment stock markets remain completely dominated by the developed world, but it is quite likely that a decade from now the rapidly-developing segment of that world will jump ahead. The size of securities markets tend to follow the size

of economies, so it would be rational to expect the markets of China and India to reflect the size of those economies. By 2004 the World Bank estimates that developing countries as a group will have the same output as the developed countries, while some OECD estimates put China, already the second-largest economy in the world, ahead of Japan, and India number five, ahead of France. Their securities markets remain tiny, but would, in time, develop anyway. The importance of privatisation is that it will give a kick-start to their development, enabling much faster growth than would otherwise occur.

The key point here is that privatisation is a leveller. For all the

flaws of the actual process by which firms are privatised and for all the deficiencies in regulation and corporate governance that it has revealed, it is one of the key aspects of the marketisation of the world economy: the creation of a more level playing field between the developed and the developing world.

In time, too, privatisation will start to lose its political overtones. In the UK it still has political implications and doubtless that will linger a while yet. But elsewhere it is becoming a purely practical issue. As the focus shifts away from the UK – as it inevitably will – we will be able to see it in a more detached way. Unless, perhaps, we bought British Energy shares last week.

Foreign Exchange Rates

Currency	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US Dollar	1.5499	6.4	6.3	1000	1000	1000	1000
UK Pound	1.5499	6.4	6.3	1000	1000	1000	1000
France	230.35	43.41	40.30	14863	26.24	84.81	10000
Germany	230.35	43.41	40.30	14863	26.24	84.81	10000
Italy	230.35	43.41	40.30	14863	26.24	84.81	10000
Japan	169.92	75.70	72.25	10770	45.44	123.153	72496
ECU	122.96	15.11	14.40	12096	7.8	22.25	10236
Belgium	169.92	75.70	72.25	10770	45.44	123.153	72496
Denmark	169.92	75.70	72.25	10770	45.44	123.153	72496
Netherlands	169.92	75.70	72.25	10770	45.44	123.153	72496
Ireland	169.92	75.70	72.25	10770	45.44	123.153	72496
Norway	169.92	75.70	72.25	10770	45.44	123.153	72496
Spain	169.92	75.70	72.25	10770	45.44	123.153	72496
Sweden	169.92	75.70	72.25	10770	45.44	123.153	72496
Australia	169.92	75.70	72.25	10770	45.44	123.153	72496
Switzerland	169.92	75.70	72.25	10770	45.44	123.153	72496
South Africa	169.92	75.70	72.25	10770	45.44	123.153	72496
Hong Kong	169.92	75.70	72.25	10770	45.44	123.153	72496
Malaysia	169.92	75.70	72.25	10770	45.44	123.153	72496
New Zealand	169.92	75.70	72.25	10770	45.44	123.153	72496
Saudi Arabia	169.92	75.70	72.25	10770	45.44	123.153	72496
Singapore	169.92	75.70	72.25	10770	45.44	123.153	72496

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	15482	0.0987	Nigeria	125473	0.0040
Australia	169.92	0.0071	Oman	15968	0.0065
Brazil	2567	1.0074	Pakistan	549600	0.0002
Canada	128884	0.0071	Philippines	409482	0.0025
China	52722	0.0002	Portugal	236471	0.0047
Egypt	7089	0.0002	Russia	800633	0.0000
Ghana	2567	0.0002	South Africa	6800	0.0002
Guinea	365243	0.0000	Taiwan	427286	0.0002
India	505973	0.0000	Thailand	54944	0.0002
Kuwait	16944	0.0002	UAE	36731	0.0002

Forward rates quoted high to low are at a discount; subtract from spot rate to add to spot rate.

* Dollar rates quoted as received; call 0891 123 3033.

For the latest foreign exchange rates call 0891 123 3033.

Calls cost 36p per minute (cheaper) 48p other times.

Interest Rates

UK		Germany		US	
Base	5.75%	Discount	2.50%	Prime	8.75%
France		Lombard	4.50%	Fed Funds	5.25%
Intervention	3.55%	Canada		10-Day Repo	7.25%
Italy		Prime	7.00%	Switzerland	1.50%
Discount	9.00%	Discount	5.00%	Repo (Avg)	5.90%
Netherlands		Denmark		Lombard	4.25%
Advances	2.80%	Discount	3.25%		

Bond Yields

Country	1yr yield %	10yr yield %	Country	1yr yield %	10yr yield %
UK	7.1%	7.7%	Netherlands	5.1%	6.1%
US	6.1%	6.5%	Spain	10.0%	10.5%
France	5.1%	5.6%	Belgium	6.1%	6.6%
Germany	5.1%	5.6%	Sweden	5.1%	5.6%
Italy	5.1%	5.6%	Switzerland	5.1%	5.6%
Japan	5.1%	5.6%	Lombard	5.1%	5.6%

Money Market Rates

Overnight	7 Day	1 Month	3 Months	6 Months	1 Year
UK Base	5.75%	5.75%	5.75%	5.75%	5.75%
France Intervention	3.50%	3.50%	3.50%	3.50%	3.50%
Italy Discount	9.00%	9.00%	9.00%	9.00%	9.00%
Netherlands Advances	2.80%	2.80%	2.80%	2.80%	2.80%

Tourist Rates

Country	£ Buys	US Buys	£ Buys	US Buys
Australia	18000	75475	New Zealand	21750
Canada	18000	75475	South Africa	6800
France	18000	75475	Spain	10000
Germany	18000	75475	Sweden	10000
Italy	18000	75475	Switzerland	10000
Japan	18000	75475	UAE	36731

Life Financial Futures

Contract	Settlement	High/Low	Open	Close
Long Oil	89.85	89.85	89.85	89.85
Short Oil	89.85	89.85	89.85	89.85
Long Gold	380.00	380.00	380.00	380.00
Short Gold	380.00	380.00	380.00	380.00

Life FT-SE Index Option

Series	Settlement	High/Low	Open	Close
Aug	10000	10000	10000	10000
Sep	10000	10000	10000	10000
Oct	10000	10000	10000	10000
Nov	10000	10000	10000	10000

Energy

Contract	Settlement	High/Low	Open	Close
Long Oil	89.85	89.85	89.85	89.85
Short Oil	89.85	89.85	89.85	89.85
Long Gold	380.00	380.00	380.00	380.00
Short Gold	380.00	380.00	380.00	380.00

Commodity Indices

Index	Settlement	High/Low	Open	Close
Aug	10000	10000	10000	10000
Sep	10000	10000	10000	10000
Oct	10000	10000	10000	10000
Nov	10000	10000	10000	10000

Latest Unit Trust Prices

LATEST OFFERS															
Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld
AXA Equity & Low Vol Unit Managers 															

Lehman exploits void in pressure

Tim Glover on the unlikely triumph of a golfer who is no longer a runner-up

Nick Faldo predicted before the start of the 125th Open that a score as low as 14 under par would win the championship but even he could not have foreseen somebody scoring 73 in the final round to secure the old silver claret jug. Tom Lehman was allowed that luxury and in finishing at 13 under for the tournament he won by two strokes.

"In the last round, when the pressure was on, the leading players didn't score as low as you would have thought," Michael Bonallack, secretary of the Royal and Ancient, said. "I thought the course held up very well and the best players came to the top."

When Lehman was joint second, behind Steve Jones, in the US Open at Oakland Hills last month, he was one under par.

Faldo, who was three strokes adrift of Lehman here following a 70, panned the American on the back of the 18th green and said: "You deserve it."

He was speaking for many players who are familiar with Lehman's history. A regular at the US qualifying school, his slender CV included victories in mini tour events such as the Reflection Ridge Open, the Mississippi Gulf Coast Classic and the Santa Rosa Open. In 1986, down to his last \$1,000 (£645) and without a tour card, he was forced to play in Asia and South Africa. "Lehman's a fierce competitor," Jack Nicklaus said. "He's got all the shots and he's tough as we saw in the Ryder Cup. He's not a natural so he's had to pay his dues and he has to work at it."

On Sunday Lehman won £200,000, the reward for his first major triumph although he had come close in the US Open on three occasions and was runner-



Penultimate act: Tom Lehman putts at the 17th on Sunday, knowing that only disaster could deprive him of his first major

up to Jose Maria Olazabal in the Masters two years ago. At Oakland Hills, in Detroit, Lehman going in the last round with Steve Jones, another born-again Christian, and offered his opponent encouragement by quoting from the Bible. He did not see the need to quote from Joshua 1:9 to Faldo, his playing partner here on Sunday. "Faldo was an absolute gentleman and an absolute pleasure to play with," Lehman said. "He played awfully well but did not make any putts whatsoever. It's easy to see why he has won so many major championships. When he has that kind of swing it makes it hard to be in his company. I could tell Nick started

losing confidence with his putter and did not stroke the ball well. If he had got his rhythm going with the putter it could have been a different scenario."

In the last round of the Masters at Augusta Faldo was six strokes behind Greg Norman and won by five. Although he generally outplayed Lehman here from tee to green he missed a string of putts. Lehman, who could hardly miss a putt in compiling a 64 in the third round, was also having problems on the greens. "The putter," he said, "felt like lead. I was able to get away with the mistakes I made."

Ernie Els got to 13 under par on the back nine but could not

sustain the challenge. "I wanted Lehman to look at the leaderboard and put pressure on him but I just couldn't finish it," Els said. "I had everything going for me." He shot 67 to finish joint second with Mark McCumber.

The only American to have won at Royal Lytham was Bobby Jones in 1926 but on Sunday there were five in the top seven. With the links becalmed, Faldo had also predicted a good week for the Americans. As Faldo went head to head with Lehman on Sunday afternoon, the man from Scottsdale, Arizona, had to put up with a few uncharitable remarks from spectators not to mention a

male streaker on the 18th fairway. "I thought the one at Wimbledon was a lot better," Lehman remarked. The streaker was collared by the Lancashire police and led away in handcuffs but he was later released without charge.

Bonallack acknowledged that spectators were generally better behaved at the Masters at Augusta National. "They have the ultimate sanction there. If anybody doesn't behave they ensure that he will never get a ticket again. We don't have that option. The Open is not an all-ticket affair and it would be very difficult to make it so."

The R & A said they would have no hesitation in bringing

O'Reilly calls for Union solidarity

Rugby Union
DAVID LLEWELLYN

A distinguished old Lion, Tony O'Reilly, yesterday added his powerful voice to the great rugby union debate. On the eve of the Home Unions summit meeting in Cardiff, O'Reilly, who went on two tours with the British Isles in the 1950s and won 39 caps for Ireland, appealed for common sense and unity among England, Ireland, Scotland and Wales.

"This is a very important meeting," O'Reilly said. "World rugby should not be dominated by any one media company, be it the BBC, ITV, NBC, CNN, and certainly not by BSkyB. The notion of rugby football becoming, in a sense, user-friendly, as dictated by the media or entertainment managers of a media company, whatever media company, is like tampering with the rules of golf, or the rules of soccer."

O'Reilly is the chairman and chief executive of the American company HJ Heinz and is also chairman of the Independent Newspaper Group, which owns a 46.5 per cent stake in this newspaper.

His Lions experiences have convinced him of the value of unity at all costs among the British Isles and Ireland. "Australia, South Africa and New Zealand want to play the British Isles far more than they want to play the individual countries," he said. "The four home nations have always been together and, having played on two tours to South Africa and then Australia and New Zealand, I feel qualified to talk about this."

"The negotiating bodies for any TV contract can only be appointed by the four home unions or their professional appointees. No single union has the right to go off and sign. Club rugby is different and, having played for Leicester for many years, I know a lot about

it from that point of view. If the Bath, Bristol, Cardiff and Swansea wish to negotiate their best terms with any TV companies then that's their business. But the Five Nations tournament is sacrosanct.

"The four home unions and not any individual union should negotiate with all the media companies and get the best deal - and that may well be with BSkyB - for all the game and that includes the players and the spectators."

O'Reilly, who is now 60, painted a bleak picture for rugby in the northern hemisphere. He is one of the owners of the Pittsburgh Pirates baseball team and said the unions should emulate American football. "There the franchise holders put all the money into one pot. That is then divided equally among the 30 teams."

O'Reilly said the game's governing body then puts a cap on the amount of money that each club can use to pay players and he is convinced a similar scheme would work well in the new era of professional rugby union.

"It would mean each club would have, say, £1 million for wages, they either pay one man the whole lot or perhaps 20 men £50,000 each," he said. "And with a system like that you would get an automatic cap on the number of players at any one club because of the limitation on how much they should be paid."

He made a final appeal to the four Home Unions. "Negotiate as one, the Five Nations. Let the clubs negotiate for themselves. And he advised them: 'Accept less today for a more orderly tomorrow.'

If O'Reilly's advice is followed it could result in a much reduced offer from BSkyB but would certainly rekindle the interest of the terrestrial broadcasting companies and fulfil the wishes of the Welsh, Irish and Scots, who had been vehemently opposed to Sky's perceived monopoly on live broadcasts.

CRICKET SCOREBOARD

Essex v Nottinghamshire Essex 1st innings 105 (100 overs) Nottinghamshire 1st innings 97 (100 overs)		
Essex 1st innings 105 (100 overs)	Nottinghamshire 1st innings 97 (100 overs)	
Essex 2nd innings 105 (100 overs)	Nottinghamshire 2nd innings 97 (100 overs)	
Essex 3rd innings 105 (100 overs)	Nottinghamshire 3rd innings 97 (100 overs)	
Essex 4th innings 105 (100 overs)	Nottinghamshire 4th innings 97 (100 overs)	
Essex 5th innings 105 (100 overs)	Nottinghamshire 5th innings 97 (100 overs)	
Essex 6th innings 105 (100 overs)	Nottinghamshire 6th innings 97 (100 overs)	
Essex 7th innings 105 (100 overs)	Nottinghamshire 7th innings 97 (100 overs)	
Essex 8th innings 105 (100 overs)	Nottinghamshire 8th innings 97 (100 overs)	
Essex 9th innings 105 (100 overs)	Nottinghamshire 9th innings 97 (100 overs)	
Essex 10th innings 105 (100 overs)	Nottinghamshire 10th innings 97 (100 overs)	

Pakistan lifted by Ijaz

Cricket
DAVID LLEWELLYN

reports from Canterbury
Kent 262 & 200
Pakistan 194 & 269-2
Pakistan win by eight wickets

The Pakistanis were able to iron out the problems in their build-up to Thursday's first Test against England at Lord's on a shirt-front of a wicket with not a single crease to distract the batsmen from their task. There was a fearsome century from Ijaz Ahmed, who was obligingly allowed to bat himself into form and the confirmation, if any were needed, that Shadab Kabir is a fine prospect.

Kent paid for some poor batting which left a straight-forward target, one which Ijaz's

power play reduced to inadequacy in his 163-ball innings. There were four thumping sixes, the last of which took the tourists to the total required with more than 20 of their allotted 90 overs remaining.

The result belied Kent's lofty position in the Championship table, but there were some bright spots, notably Graham Cowdrey's catch in the morning to dismiss Aamir Sohail. The celebrations were wild, but in the next session and a half Kent were lamed.

Ijaz muscled in and hustled around as he and Shadab smashed the Kent bowlers to all parts of the St Lawrence Ground in a fine second-wicket stand of 186.

It was a shame that Shadab could not stick around, but he became the unlikely victim of

Cowdrey, who easily outdid his morning celebrations when Trevor Ward snapped up a catch at slip to send Shadab back into the pavilion after four hours out in the middle. His third half-century in four innings contained a dozen superbly struck boundaries and if Pakistan were not so confident that Saeed Anwar will have recovered from his stomach upset, he might well have been in with a chance.

The news is not so good for Waqar Younis. Having been reported to have recovered from a hamstring strain, his captain, Wasim Akram, let it be known that the fast bowler will need a strenuous work-out to day to establish his level of fitness. Wasim said they did not wish to risk the injury at all and that Waqar had not yet proved he was 100 per cent fit.

England's return is no pie in the Sky

Cricket
DAVID LLEWELLYN

The prospect of further aftershocks following England's expulsion from the Five Nations Championship has receded. Tonight in Cardiff, representatives of the four home unions, headed by their presidents, meet in Cardiff where they will discuss reinstating England, writes David Llewellyn.

That is an essential preliminary to what is to follow if the future of the Five Nations, and indeed northern hemisphere rugby, is to be safeguarded. If England are to be restored to the competition - and the negotiating powers of the Rugby Football Union president, John Richardson, and Cliff Brittle, the chairman of the executive, will be tested to the full - it should open the way for more prolonged - heated even - discussion on the issue of television broadcasting rights.

However, any talks will not come down simply to a matter of the RFU forgoing off the other four nations - always assuming France wants to come in for a share of the pot - with a hand-out from its £87.5m deal with BSkyB, expected to be around £40m.

At the root of it all is the vexed question of satellite television and its exclusivity. While England was happy to sell its rights for all matches, representative and club on English soil, to BSkyB, the other unions - France having secured its own deal, worth around £7m for each of the next three years -

have so far eschewed the option of accepting some £36.5m from Sky.

That sum may even be increased by Sky, which has offered Wales £40.5m and Ireland and Scotland £28m each. Were France to chip in its £21m, the split would approach £120m between the five, around £24m per year for the next five years.

If the other countries agree to this proposal, all that then remains is to work out a satisfactory compromise to allow terrestrial television a share of the Five Nations live broadcasting rights. The RFU thinks that Sky could be persuaded to grant rights for an even split for the 10 Five Nations matches.

That could well appease the Welsh, especially with the possibility of terrestrial television broadcasting live Wales versus England at Cardiff.

Sky's involvement in the game is unavoidable. Terrestrial television just has to find a way to compete in an open market and the game has to come to terms with the inevitable.

David Young, the Wales Rugby League captain, has been offered a £30,000 international squad contract by the WRU, making him the first player returning from the 13-a-side game to be given such a deal. Young, capped at union by Wales and the Lions, has joined Cardiff from Salford for £65,000 but cannot play until after the Super League season finishes on 8 September.

Cork displays requisite bottle

Cricket
JON CULLEY

reports from Old Trafford
Lancashire 587-9 dec & 174-3 dec
Derbyshire 473-8 dec & 289-8
Derbyshire win by two wickets

Having enjoyed almost two energy sapping days in the field at the start of this match, Derbyshire were rewarded for their patience with their third Championship victory in four - and fifth place in the table - although amid rather more anxiety than they can have envisaged at five o'clock.

At that point, with the rainum 16 overs left, Derbyshire were 204 for 2. With the outfield parched and the pitch providing no great assistance to Lancashire's spinners, the target of 289 offered by the home side's

declaration at lunch looked well within their scope.

But the loss of five wickets for 20 runs changed the complexion of the match and Derbyshire were grateful that Dominic Cork had the confidence to take matters into his own hands. Scoring 34 runs off just 16 balls, the England strike bowler saw them home by two wickets with three balls to spare.

Coming in at 240 for 7 with less than six overs remaining, Cork announced himself with a six off the left-arm spinner, Gary Keedy, but it was against the same bowler in the penultimate over of 65 that he swung the balance. Derbyshire's way, hitting two fours and a six among 17 runs, hotting his copybook only when an ill-judged call for a second run on a misfield caused Karl Kricken to be run out.


By then, however, only two were needed off the last six balls and it would have taken an exceptionally good over by Mike Watkinson to deny them.

Derbyshire's wobble followed the departure of their captain, Dean Jones, whose third century of the Championship came in a third-wicket partnership of 198 with his predecessor, Kim Barnett. Jones sent in Phil DeFreitas next, hoping the England all-rounder would continue in the vein of his 29-half Sunday fifty, but the move not only backfired but had a domino effect.

Against friendly bowling earlier, John Cawley finished 97 not out, setting up the declaration in the absence of the England captain, Mike Atherton, who had been called as a witness in the Imran Khan libel hearing at the High Court.

LEADING FIRST-CLASS AVERAGES		
Batting	Qualification: 500 runs	
Saeed Anwar (Pak)	11.0	591
S Lee (Som)	10.0	581
S Ganguly (Ind)	9.0	572
G P Thorne (Surrey)	8.0	569
M G Boyce (Worce)	7.0	565
K Greenfield (Sussex)	6.0	518
J E R Gailan (Lancs)	5.0	514
S P Thorne (Lancs)	4.0	500
A J Hollister (Surrey)	3.0	498
M A Butcher (Surrey)	2.0	458


Bowling		
Qualification: 20 wickets		
C Ambrose (Windsor)	11.0	24
M A Butcher (Surrey)	10.0	24
C A Walsh (Som)	9.0	24
D R Law (Sussex)	8.0	24
M A Atherton (Lancs)	7.0	24
S M Pollock (Worce)	6.0	24
L Klusener (SA)	5.0	24
C A Corner (Sussex)	4.0	24
A J Harris (Derby)	3.0	24
S J E Brown (Durham)	2.0	24



0500 500 400

"HOG THE FAST LANE."

"Is your company on Mercury's fast data network?"



IVAN THE TECHIE

Cricket score

SPORT

ENGLISH RUGBY'S RETURN TICKET
YUGOSLAV INTERESTS MANCHESTER UNITED

Americans aim drug allegation at Smith



Two days after becoming Ireland's first swimming gold medalist, Michelle Smith found herself involved in a massive confrontation with the United States team yesterday. Not only did they want her excluded from the 400 metres freestyle, but the quadruple gold medalist Janet Evans said also that questions were being asked about whether her rival is on drugs.

The argument broke out after Smith's heats despite failing to set a qualifying time by the cut-off date on 15 July. The Americans were furious, but their anger intensified when Evans missed out on a place in the final by one position. The fact that Smith had qualified for the final - in effect taking the home girl's place - with the second-fastest time did not ease the situation.

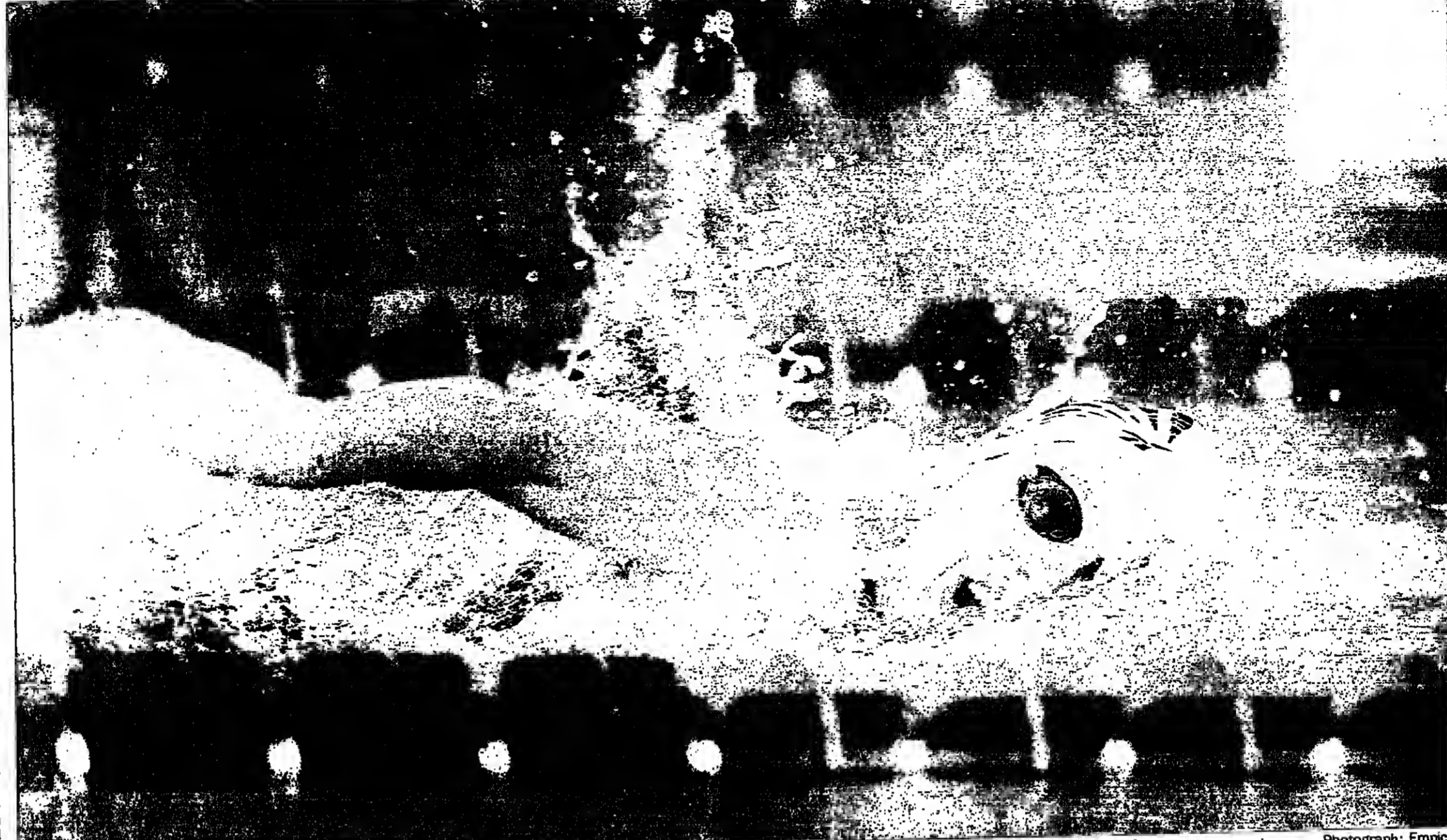
"It's another disgusting example of politics in sport," Mark Schubert, the US women's assistant coach and Evans' personal mentor, said. "I can think of many times when we had kids get hurt or sick, and we were never allowed to change."

Evans was equally angry. "The decision is absolutely wrong," she said. "You can take two views on this: either you play by the rules or you say the Olympics is the place the best athletes should compete. Me? I feel you should play by the rules."

Told that Smith had considered it unfair that the US team has tried to have her ejected from the event, she added: "If she had qualified for the Games like everyone else did she wouldn't have thought it was fair she was allowed to race either."

A comparison was made between Smith, who won the 400m individual medley on Saturday with a time that was 19 seconds faster than her time in Barcelona four years previously, and the Chinese, who are frequently under the suspicion of taking artificial stimulants.

"Are you asking me if she's on drugs?" Evans replied. "Any time someone has a dramatic improvement there's that question. If you're asking me if



Michelle Smith, who has denied accusations of drug abuse, takes part in yesterday's 400m freestyle heats despite American attempts to have her thrown out

Photograph: Empics

there's the accusation out there then the answer is yes."

The Irish reaction was one of indignation. Pat Hickey, president of the Irish Olympic Committee, said: "They are jealous that a little country like Ireland took a gold medal off them. The Americans are doing all they can to get Michelle Smith thrown out."

"I think it's scandalous behaviour. It is clear that it was an Olympic organisational mistake but they [the Americans] wouldn't accept that. "As for the suggestion she is on drugs, I have no doubt that

Michelle is clean. I'm astounded by the accusation."

Dermot Sherlock, general secretary of the Irish Olympic Committee, said the Americans, having failed to have Smith excluded, were trying to switch attention to drugs.

"It's disgraceful of them. I come from a country that has very strong libel and slander laws and you cannot accuse someone unless you have the evidence. Until it's there you are wide open to legal action. She has been tested a least half a dozen times already this year in Ireland."

Smith has emphatically denied the allegations. "I've been tested three times in training already this year," she said a month before the Olympics. "I must be the most tested athlete in Ireland."

To gauge the Americans' anger yesterday it is necessary to understand where Evans stands among their sporting deities. Behind Mark Spitz, certainly, but not so far as you would notice.

She is the all-American girl that all America wants to win in Atlanta, and such is her standing she was the natural choice

to carry the torch up the steps to the waiting Muhammad Ali at the opening ceremony. A path was being lit to where she would win at least another gold to push her alongside the speed skater Bonnie Blair as the American woman with the heaviest gilt edge.

Then Smith intruded on the scene with her devastating win in the medley. Fine, the Americans thought, but Ireland's new heroine had not clocked a fast enough time in the freestyle to reign on Evans parade. That is what they believed; the IOC ruled otherwise. Over-

turning a decision by Fina, swimming's governing body, the IOC accepted there had been a mix-up over the dates that had originated in Atlanta and allowed Smith's 4min 08.86sec recorded after 15 July to stand.

Evans, the world record holder, had expected to be among the medalists, at least, but she had a dreadful swim, trailing in behind Claudia Poll, the winner of the 200m freestyle the previous evening, clocking only 4:13.60. That was 0.02sec too slow to make the final. "I miscalculated," Evans, who also

swims in the 800m, admitted. "I thought 4:13 would be good enough."

Amid the arguments, Britain's Sarah Hardcastle was in the heat between Evans and Smith but in a different world in terms of speed. Nevertheless her 4:14.50 was the fastest she has swum over the distance in a morning and it encouraged her for her best event, the 800m tomorrow.

"It was a good time for me and Hayley Lewis, who is one of the big threats in the 800, didn't perform that well," she said. "If I can step up the en-

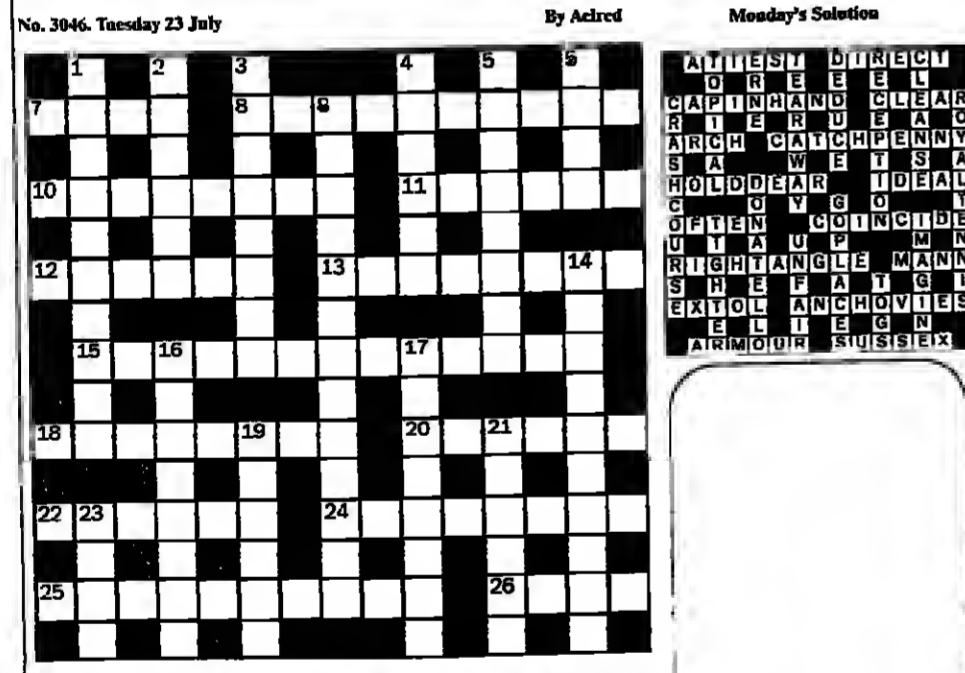
durance work over the next few days I'll be fine."

Asked about the mood in the British camp after a less than scintillating start to the Games, she said: "Generally it's really good. OK, we haven't won any medals but there have been a few personal bests and you can't really ask any more from people."

Certainly not from James Hickman, who reached the final of the 200m butterfly beating the world record holder, Russia's Denis Pankratov, while setting a British record of 1:58.16.

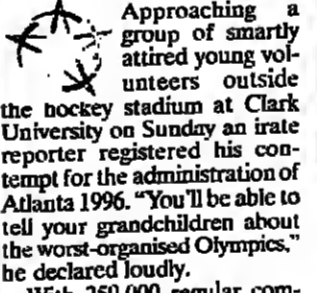
Published by Newspaper Publishing PLC, 1 Canada Square, Canary Wharf, London E14 5UL, and printed at Mirror Colour Print, St Albans Road, Watford. Back issues available from Historic Newspapers, 0800 906609. Tuesday 23 July 1996. Registered as a newspaper with the Post Office.

THE INDEPENDENT CROSSWORD



- ACROSS**
- 7 Sell common fellow's record (4)
 - 8 Are, we hear, in 3rd position? (10)
 - 10 Determined position on a road as the norm (8)
 - 11 Home with no yen to have disease (6)
 - 12 Make box, having limited energy (6)
 - 13 Feed on waste; that's to get one's own back (8)
 - 15 Funny connection at a chain (13)
 - 18 Having much interest in what is paid? (8)
 - 20 Terribly clear about day of origin (6)
 - 22 Vegetable's put right into a stream of water (6)
- DOWN**
- 1 Use CD we hear as a keeper of order in the kitchen? (10)
 - 2 A District Attorney keeps information for list of business (6)
 - 3 A prohibition suppressed by a woman on a dance (8)
 - 4 Fear of old boy in a hip replacement (6)
 - 5 Perhaps Ribes for treating disease? (8)
 - 6 Such tension is shockingly dangerous (4)
 - 9 Impossible prescription is essential (13)
 - 14 Belligerent type's comfortable over delay (10)
 - 16 Effect of drug company's entering Iran's chaotic (8)
 - 17 A conservative clergyman is precise (8)
 - 21 Get boat repaired by Italy's navy (6)
 - 23 Time to put up some information mutually (6)
 - 24 Crusty baronet accepted one as a low singer (8)
 - 25 Unstinting fun I'm spending one bit of money on (10)
 - 26 Differential writer on English king (4)

Groans and gridlock as Atlanta grinds to a halt



Approaching a group of smartly attired young volunteers outside the hockey stadium at Clark University on Sunday an irate reporter registered his contempt for the administration of Atlanta 1996. "You'll be able to tell your grandchildren about the worst-organised Olympics," he declared loudly.

With 250,000 regular commuters added to the crowds heading downtown for 17 events at 11 venues yesterday Atlanta braced itself for 10 days of chaos. Gridlocked streets and the subway system under such pressure that passengers were advised to allow two or three hours to reach their destinations. A police spokesman reported "absolutely horrendous" traffic. Parking lots at outlying stations were full by 5.30am.

Simply getting there is the biggest problem in Atlanta. In order to make their marching time for last Friday's opening ceremony athletes abandoned buses and completed the journey on foot. The USA-Nicaragua baseball game had to be delayed because buses were not ready to transport the players. Fearful of not making their start times, Britain's rowers, Steve Redgrave and Matthew Pinsent, have pulled rank, commandeering one of the cars allocated to BOA officials.

"The worst-organised event I've ever known," said Redgrave, who along with Pinsent, the coxless fours crew - Rupert

Obholzer, Tim Foster, Greg and Jonny Searle - were yesterday relocated near Lake Lanier. "Mr Redgrave did not hesitate to inform us of his displeasure," Bob Brennan, a spokesman for the Atlanta Organising Committee, said.

Graffiti in the main press centre is a wall of frustration - *Barcelona, We Miss You*. Everyone, it seems, has a tale of woe, missing or broken-down buses and wild hinders in navigation. On Sunday, one of many drivers recruited from other states gave up after discovering that her route to the opening course at Lake Lanier involved travelling along a main highway. "It frightened me," she said.

Stubbornly, deaf to a mounting clamour of complaint from athletes, team officials and journalists, the International Olympic Committee has insisted that the situation is not unusual. "At present, transportation and technology are our top priorities," Michele Verdier, of the IOC, said, "but the problems are quite normal compared with previous Games."

This is errant nonsense. No body remembers a time when so many difficulties were put in the way of competitors and journalists. In the most advanced society on earth computers fail to

provide information. The three-man wire services relaying results to thousands of newspapers worldwide through high-speed lines for which they have each paid \$10,000 (£6,450) have been entering time by hand. "We are working like 20 years ago," Michel Hornault of the Agence France-Presse said. "We received nothing on the computers from wrestling and weightlifting."

Acog claims to have identified the problem but cannot guarantee to bring about an improvement. "They weren't admitting to a problem but now they realise they have a big problem," an IOC member, Alex Gilady, said.

Attempting to play down the matter, Bob Brennan said: "I'm told that many of the technology problems are rapidly being resolved." However, things came to a head yesterday when Acog came under fire from the IOC which is clearly embarrassed by a worsening situation.

Anger is understandable. Dick Palmer, the secretary of the British Olympic Association and team chief, yesterday said: "The problems of the transport system have been taken up at the highest level, involving the IOC president, Juan Antonio Samaranch, Billy Payne, presi-

dent of the organising committee, and Bill Campbell, the mayor of Atlanta. The organisers are wrestling with the problems of transport scheduling, drivers who are unfamiliar with the venues and the poor quality of the buses."

It is already clear that Acog miscalculated seriously when addressing the task it took on with a successful bid for the Olympics, learning little, it seems from the Games of Barcelona and Seoul.

AD Frazier, No 2 in Acog, said it would take a little time to get the transport system working. "It's rather like a dinosaur; its head makes a decision and 10 minutes later the tail wags."

That the Games have become too big is beyond question. Despite the smiling faces, the goodwill conveyed by local inhabitants is cheapened here by profiteering and lousy vending outlets. Nerves become frayed. Will the buses ever come? Fenced-off streets, growing cops.

Spectators leaving the boxing arena on Sunday were jammed on an intersection controlled by US Air Force sergeants. Flooding into oncoming traffic they were reprimanded by an off-duty police officer. Pouring out of trains at the Peachtree Centre subway station, passengers were confronted by lifeless escalators and a steep 300-step climb to the street. "Does nothing work in this town?" an Australian complained.

Maybe soon but not yet.

Players rehydrate using drip



Dextrose saline drips were given to Great Britain's hockey captain, Jason Laslett, and his fellow midfielder player Russell Garcia at half-time on Sunday to combat dehydration during their 3-2 draw with Korea.

Although the temperature for Britain's game, which started at 5.30pm, did not reach the 90s of earlier in the day, it was the high humidity that caused the havoc. The players were offered the drip at the interval when it was established that they had lost three and four kilos each during the first half.

With the British Olympic doctor, the team doctor, Ian Beasley, and orthopaedic consultant Richard Dodds in the dressing-room at the interval, there was no shortage of specialist medical expertise as the players were given the drip, the needles being inserted while they were lying on the dressing-room benches.

Significantly, when weighed at the end of the game, Garcia's loss had been reduced to two kilos, with Laslett having only lost half a kilo.

David Whittle, the team manager, confirmed that apart from a few bruises, the squad had no injury problems, but that the offer of a drip would be made to all the players during the interval of their game today against the Netherlands.

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